MISSOURI HOUSE OF REPRESENTATIVES

REPORT OF THE INTERIM COMMITTEE ON URBAN CONSERVATION & RESTORATION

Representative Derio Gambaro, Chair
District 65
Representative John Bowman, Vice-Chair
District 70
Representative Craig Bland
District 43
Representative Carnahan
District 59
Representative Cierpiot
District 52
Representative Curls
District 41
Representative Dempsey
District 18
Representative Graham
District 24
Representative Hosmer
District 138
Representative Levin
District 82
Representative Shields
District 28
Representative Wright
District 137

Prepared by
Alice K. Hurley
Legislative Analyst
House Research Office
December, 2001

INTRODUCTION

In recent years, problems associated with distressed urban areas in Missouri have received special attention from the state. It is often times easier to develop greenfield space rather than redeveloping a distressed area within a city. To further compound the problem, businesses and corporations often choose to relocate to suburban neighborhoods because of lower crime rates, high-quality schools, and proximity to their workforce. Also, in recent years, Missouri has seen more competition come from Kansas and Illinois – states which border Missouri's two largest cities. In 1998, in response to the problems associated with distressed communities, the Legislature created several new tax credit programs (administered by the Department of Economic Development) which were designed to spur redevelopment in Missouri's urban core.

In response to widespread interest in these topics, the Honorable Jim Kreider, Speaker of the Missouri House of Representatives, appointed an interim committee to examine urban conservation and restoration issues. The Chair of the committee was Representative Derio Gambaro (65, St. Louis City) and the Vice Chair was Representative John Bowman (70, St. Louis City). The other members of the committee were, Representative Craig Bland (43, Jackson County), Representative Carnahan (59, St. Louis City), Representative Cierpiot (52, Jackson County), Representative Curls (41, Kansas City), Representative Dempsey (18 St. Charles County), Representative Graham (24, Boone County), Representative Hosmer (138, Greene County), Representative Levin (82, St. Louis County), Representative Shields (28, Buchanan County), and Representative Wright (137, Greene County). This report includes an analysis based on information received from state agencies, city offices, local organizations, members of the business community, and citizens, and also includes the committee's findings and recommendations.

TESTIMONY & MAJOR ISSUES

The committee held three public hearings throughout the state. The first hearing was held in Jefferson City on October 24, the second was held on November 8 in St. Louis, and the third in Kansas City on November 15, 2001. During these hearings, the committee was briefed by the Department of Conservation, the Department of Economic Development, and the Department of Natural Resources, in addition to several city offices, local organizations, members of the business community, and individuals. Testimony centered around four issues pertaining to urban conservation and restoration.

LAND ASSEMBLAGE

Several witnesses discussed the need to assist municipalities in assembling large tracts of land suitable for development. In many cases, it is easier for a developer to develop greenspace rather than redeveloping an older area in a city or existing neighborhood. The Economic Development Corporation of Kansas City testified that, while greenfields are usually owned by one person, urban core areas are usually owned by multiple individuals or businesses. Furthermore, once it becomes known that a developer wants to buy the properties, the cost of those properties "skyrockets". Despite the need to build all the infrastructure necessary to support a new community (which would include roads and sewers), in addition to the expense of the actual development, it is still less expensive to develop greenspace than to redevelop existing areas. The cost of redeveloping brownfields or other existing areas is often increased because of site contamination and the cost of the associated cleanup. Furthermore, redeveloping older neighborhoods and brownfields often requires a great deal of modification to existing infrastructure in order to bring a building into compliance with building codes or requirements such as those set forth by the Americans With Disabilities Act.

As a result of the difficulties associated with redevelopment, the Legislature created several tax credit programs (which are administered by the Department of Economic Development) with the hope that developing non-greenfield areas will become more attractive and cost effective for developers. These programs include the Brownfield Rememdiation Tax Credit Program, the Neighborhood Preservation Tax Credit Program, the Distressed Communities Tax Credit Program, and the Historic Preservation Tax Credit Program.

In addition to these tax credit incentives, though, the need to assemble large tracts of land still exists. Several witnesses testified that land assemblage "is absolutely critical". The St. Louis Regional Chamber Growth Association testified that the City of St. Louis has not been in the running for several projects, in part because the city could not assemble the land necessary. The St. Louis Inner City Competitive Alliance testified that a minimum of ten to fifteen acres of land is needed to "take advantage of some of the opportunities that we see right now, but that amount of assembled land just doesn't exist."

According to several witnesses, it is important to assemble land prior to having a developer express interest in a particular project because developers are not inclined to wait for the land to be assembled and available. Assembling land can be a difficult, time intensive undertaking and developers are inclined to go elsewhere, to develop greenspace or another available area, in large part because it is the path of least resistance.

TAX CREDIT PROGRAMS

Nearly all witnesses spoke about the development tax credit programs available. These programs included the Historic Preservation Tax Credit Program, the Brownfield Rememdiation Tax Credit Program, the Neighborhood Preservation Tax Credit Program, the Distressed Communities Tax Credit Program, and the Missouri Build Program.

The St. Louis Regional Chamber and Growth Association testified that tax credits have always been important to redevelopment activities because they encourage other investors to come to the project. The Association also testified that the tax credits do not just benefit Missouri's big cities, but the entire state because anyone can apply for them. Each tax credit program is designed to serve an individual purpose, but together, the Association testified, they create an entire package that makes redevelopment not only possible, but an attractive option. Mr. Andrew Bracker, the Brownfields Coordinator for Kansas City, testified that he utilizes both the Brownfield Remediation Tax Credit and grants. Despite the importance of the grants, he testified that the tax credits were more important for "big-impact projects". Mr. Jay Simon, testifying on behalf of both the Missouri Design and Building Company and the St. Louis Home Builders Association, said that development tax credits such as these do not cost the state money because the money generated as a result of the investment is greater than the value of the initial tax credit. Mr. Simon testified that the most conservative data he had seen regarding tax credits indicated that for every $1 invested via tax credits, the state sees a return of $1.06 – or a 6% return on investment.

In particular, the Historic Preservation Tax Credit Program was spoken of quite highly by several witnesses. This program often works hand-in-hand with the Brownfield Remediation Tax Credit Program, which the Department of Natural Resources, St. Louis Urban Outreach Office, testified was nationally recognized "as a great incentive program." Furthermore, individuals wishing to take advantage of the Brownfield Remediation Tax Credit Program must also participate in the Department of Natural Resources' Voluntary Cleanup Program.

The Historic Preservation Tax Credit Program is currently uncapped, which means developers are guaranteed that these tax credits will be available to them when the project has been completed. The Department of Natural Resources, St. Louis Urban Outreach Office, testified that creating certainty with a project will either encourage developers to come to a project or will ensure that they do not leave. Uncapped tax credits are one way to provide certainty and incentive. Therefore, the Historic Preservation Tax Credit is an excellent inducement for developers.

Mr. Roger Buford, who testified on behalf of Master Realty Properties, Inc. and Recon Development, Inc., said that they did no development projects between 1990 and 1998 and that the reason they began developing again in 1998 was because of the Historic Preservation Tax Credit Program. Mr. Buford testified that the success of the program is that it is uncapped, thereby guaranteeing that the credits will be available to the developers when the project is complete. This guarantee greatly reduces their risk.

St. Charles, Missouri has had tremendous success redeveloping its historic district which relied, in part, on state tax credits for financing. The South Main Preservation Society of St. Charles, Missouri testified that in the 1970s, prior to redevelopment, some buildings in the historic district sold for as little as $11,000. Now, post-redevelopment, the average sale price is over $300,000 and there are no vacancies in the district. The Society testified that state tax credits were critical because they made the restoration worthwhile and affordable. Mr. Rory Riddler of the St. Charles City Council testified that it is not necessary to rehabilitate an entire area. Rather, rehabilitating key buildings on a particular block is often times enough to encourage developers to come into a particular neighborhood and rehabilitate other buildings. The St. Charles Historic District also found success through the unorthodox practice of having architecture students design different streetscapes for consideration. Leveraging all resources available to a municipality, in addition to tax credits, is appealing to developers because it further reduces their risk.

STREAMLINING THE PROCESS

Several witnesses also testified about streamlining the process of redevelopment. Currently, developers are required to submit one application per residential unit that is being rehabilitated. Many witnesses testified that it would be more appropriate to submit one application per project. For instance, if a new development of townhomes is being built, one application could be submitted for the entire development rather than one application for each individual structure.

Another way to streamline the process would be to make it easier to handle absentee landlords and nuisance property. One anecdotal example was given by the Economic Development Corporation of Kansas City. This example was that of an absentee landlord who had been pursued in court for several years and ultimately transferred the property to a relative (another absentee landlord). Once the property was transferred, the city had to start the whole process over again in court, which quickly becomes very labor and time intensive – as well as expensive. Several witnesses also testified that when eminent domain enters the picture, it becomes "a public relations nightmare" for most developers. Similar stories were told by other witnesses including Mr. Riddler, of the St. Charles City Council, who testified that municipalities would like to have other options in terms of dealing with landlords who impede progress.

Another issue is ensuring that a municipality can acquire property at a fair and reasonable price. As the Economic Development Corporation of Kansas City testified, "anytime you get between a buyer and a seller, there's a difference of opinion as to what the value of the property is." Often times, when it becomes apparent that a city is attempting to purchase abandoned or nuisance

property, the seller increases the price. Often times, neighbors follow suit making if difficult not only to purchase single parcels of property, but to assemble large tracts of land as well. Mr. Andrew Bracker, the Brownfields Coordinator for Kansas City, testified that the cost of cleaning up contaminated property should be considered when determining the value of the property. He testified that, if it costs more to clean up the property than the property is worth, public entities shouldn't be required to pay market value. Market value should only be paid if the property is not contaminated. Mr. Bracker testified that the courts and panels determining land value in cases of eminent domain have failed to recognize this concept.

DISTRESSED COMMUNITIES

Another issue which was reiterated throughout the public hearings was the way in which the Missouri statutes currently define a "distressed community". This definition affects seven tax credit programs. They are the Seed Capital Tax Credit Program, the Capital Tax Credit Program, the Rebuilding Communities Tax Credit Program, The Transportation Tax Credit Program, the Missouri Build Tax Credit Program, the Neighborhood Preservation Tax Credit Program, and the Certified Capital Companies (CAPCO) Tax Credit Program.

According to the Economic Development Corporation of Kansas City, the distressed community criteria, as set forth in the statutes, are not the same for St. Louis as they are for Kansas City because all of St. Louis City is a distressed community, while limited areas of Kansas City are defined as such. The definition is based on median income and population and in Kansas City, several of the commercial and industrial areas have virtually no population. As a result, they are not defined as a distressed community. According to the Economic Development Corporation of Kansas City, over 85% of the program benefits have accrued to the City of St. Louis. Expanding the definition of distressed communities so that it could be applied more liberally to the Kansas City area would allow more individuals and businesses to take advantage of the tax credit programs and redevelopment would be more easily facilitated and encouraged.

FINDINGS & RECOMMENDATIONS

The committee recognizes the complexity of the urban conservation and restoration issues discussed during our hearings, and expresses its gratitude to Missouri's Department of Conservation, Department of Economic Development, and Department of Natural Resources, as well as the city offices, local organizations, members of the business community, and individuals who took time to provide vital information and assistance. The committee recommends the following actions:

1. FUNDING THE CONTIGUOUS PROPERTY DEVELOPMENT FUND

Finding #1:
The need to assist municipalities in assembling large tracts of land suitable for development was reiterated throughout the public hearings held by this committee. Redevelopment activities will be more easily facilitated by further enabling municipalities to assemble large tracts of land.

Recommendation #1:
As a result of this public testimony, it is apparent that one way to help municipalities do this is to fund the Contiguous Property Redevelopment Fund (Section 447.721, RSMo (2001 Supp.)). This fund is administered by the Department of Economic Development. Grants from the fund may be made to Kansas City, St. Louis City, and Greene, Jackson, and St. Louis counties. These grants can be used to assist these cities and counties in acquiring multiple contiguous properties as well as in engaging in the initial redevelopment of contiguous properties for future use.

Recommendation #2:
Another recommendation regarding the assembly of land is to provide incentives for landlords to maintain their property or face large fines. For instance, a nuisance property owner would be given a prescribed time frame in which to rehabilitate his property. If, at the end of that time frame, the property is still blighted, a fine would be levied against the owner. This could be done by strengthening current state laws and local ordinances regarding foreclosure and eminent domain, actions which would be supported by the committee.

2. CONTINUATION OF THE HISTORIC PRESERVATION TAX CREDIT PROGRAM AND OTHER TAX CREDIT PROGRAMS

Finding #2:
Nearly all witnesses who testified at each of the three public hearings held by the committee stated that the Historic Preservation Tax Credit Program is among the most beneficial in the state. All witnesses who testified with regard to this tax credit program indicated that it was such a success because it is uncapped – and therefore guaranteed.

Recommendation #3:
The committee recommends that this tax credit program remain in operation in its current form, uncapped and offering a 25% tax credit on allowable costs.

Finding #3:
In addition to the Historic Tax Credit Program, witnesses also testified that the Neighborhood Preservation Tax Credit Program, the Distressed Communities Tax Credit Program, and the Missouri Build Tax Credit Program were all of great benefit. It was apparent from the testimony at all public hearings that these tax credit programs are not only working, but that they are vital to the continued redevelopment of Missouri's urban core.

Recommendation #4:
The committee recommends that these programs at least be continued in their current forms, however, the committee would support legislation that would bolster these tax credit programs by eliminating caps, increasing their value, or increasing the number of geographic areas or individuals who would be eligible to take advantage of these tax credits. Additionally, the committee would like the Department of Economic Development to provide information on the expected return on investment of each tax credit program it administers. Properly applied, economic development tax credits produce additional revenue for all of Missouri. The committee contends that it is critical to continue investing in Missouri with tax credits, especially in tough budget times.

3. DISTRESSED COMMUNITIES

Finding #4:
The way in which the Missouri statutes currently define a "distressed community" was discussed at length during the public hearings. This definition affects seven tax credit programs, all of which are key to urban conservation and restoration. They are the Seed Capital Tax Credit Program, the Capital Tax Credit Program, the Rebuilding Communities Tax Credit Program, The Transportation Tax Credit Program, the Missouri Build Tax Credit Program, the Neighborhood Preservation Tax Credit Program, and the Certified Capital Companies (CAPCO) Tax Credit Program. Based on testimony, several areas in Kansas City are not able to benefit from these programs because of the narrow definition.

Recommendation #5:
The committee supports the legislation that would broaden the definition of a "distressed community" because it will allow more geographic areas to benefit from these tax credit programs.

Finding #5:
The committee also heard repeated testimony asking for relief from the bureaucracy involved in submitting applications when redeveloping large numbers of residential units.

Recommendation #6:
Rather than submitting one application per unit, as is currently required, the committee supports legislation involving the submission of one application per redevelopment project as long as the project is well defined and contiguous. This would reduce the paperwork burden, allowing redevelopment to occur more quickly and easily.

4. INTER-DEPARTMENTAL COORDINATION AND URBAN CONSERVATION COMMISSION

Finding #6:
Although the testimony heard by the committee was largely concrete, a more subtle theme was the need for better coordination and communication between all of Missouri's departments. There are numerous innovative programs which citizens and businesses alike can take advantage of to revitalize their neighborhoods. Often times, it is a matter of knowing what programs exist and how they can be used.

Recommendation #7:
The committee recognizes that all departments are currently coordinating with each other, however the committee encourages all departments to redouble their efforts in this vein. Furthermore, the committee supports legislation to create an Urban Conservation Commission (similar to that which was outlined in House Bill 963) which would be responsible for addressing the problems associated with urban conservation and restoration.

APPENDIX A

Summary of Individual Testimony

This appendix summarizes the testimony taken at each public hearing. Written testimony submitted to the committee is included in separate appendices, as noted.

Testimony taken October 24, 2001, in order of appearance:

1. Representative John Bowman (70th)

Representative Bowman's written testimony is included in a separate appendix.

2. Dianna Moore, Director of Community Development, Department of Economic Development

Ms. Moore testified that the Department of Economic Development has many tools to address the problems facing Missouri cities in a holistic fashion so that the needs of people, communities, and businesses can all be met. She also testified that an increased business base would increase the tax base. The tools she discussed included the Neighborhood Assistance Tax Credit Program, the Distressed Communities Tax Credit Program, the Historic Preservation Tax Credit Program, and the Brownfield Remediation Tax Credit Program.

Ms. Moore briefly discussed why people are moving out of the cities and into other areas. She said that it is an issue that the DED has not investigated significantly, but studies have shown them that one of the key factors is that it is easier for a business to move out of a city, to develop houses and retail, in greenfield areas. She testified that this is because it is cheaper, there aren't as many infrastructure requirements, and there is less environmental cleanup. Ms. Moore testified that she hopes these programs can be utilized so that development becomes more cost-effective for everyone.

3. Tim Fischesser, Executive Director, St. Louis Municipal League

Mr. Fischesser testified that his organization would like special attention to be paid to the assembly of land. His organization has spoken with developers about why redeveloping older areas is so difficult. They said cities needed to make it easier because developers want to make sure the project is going to be a success – and developing older areas involves more risk. It's difficult to assemble land that is useable and uncontaminated, which is why Mr. Fischesser said it would be useful if the state became involved in organizing land for re-use.

4. **Julianne Stone, Director of the St. Louis Urban Outreach Office, Department of Natural Resources**

Ms. Stone testified that coordination and having local communities determine priorities are key to successful redevelopment projects. She said that to fix the problems facing our urban core, an interdisciplinary approach is required. To illustrate this point, she discussed what she called the six "Ps": partnerships, priorities, planning, patience, prevention and protection. Ms. Stone also testified that providing as much certainty as possible to the developer is very important. The more information you can give a developer early in a project, the more likely it is that they will want to join the project.

5. **Kathy Love, Department of Conservation**

Ms. Love testified that this is an issue the entire state is involved in and that, "If you want to save the farm, you must save the city." She also testified that coordination between state departments is vital.

Testimony taken November 8, 2001, in order of appearance:

1. **Mr. Archie Scott, South Main Preservation Society of St. Charles, MO**

Mr. Scott testified that the St. Charles Historic District was redeveloped using prescribed guidelines and controls. He emphasized that if a community wants to build something of quality, historic preservation guidelines work. He added that some individuals and developers do not like the additional controls, but testified that, ultimately, they pay off building-by-building and work in the end. Mr. Scott supplemented his testimony with a slide presentation of before and after pictures of the St. Charles Historic District.

2. **Jeff Wagener, County Executive Office (Buzz Westfall, St. Louis County)**

Mr. Wagener's written testimony is included in a separate appendix.

3. **Dale Hermeling, St. Louis Regional Chamber and Growth Association**

Mr. Hermeling testified that he's been encouraged to see what is happening in St. Louis through redevelopment. He stated that tax credits were a very important part of the revitalization because they bring investors to the projects. He also testified that land assemblage is critical, especially in terms of commercial projects. He added that, if land is not assembled ahead of time, developers might be tempted to go elsewhere to develop greenspace.

4. **Jim Farrell, St. Louis Regional Chamber and Growth Association**

Mr. Farrell's written testimony is included in a separate appendix. Mr. Farrell also testified that tax credits are absolutely essential, not only to St. Louis but to the entire state of Missouri. He said that each tax credit program is designed to serve different purposes, but together they create an entire package that can make St. Louis and the entire state of Missouri competitive.

5. Barbara Geisman, Executive Director for Development, Office of the Mayor (Mayor Slay, St. Louis)

Ms. Geisman's written testimony is included in a separate appendix.

6. Peter Sortino, President, St. Louis 2004

Mr. Sortino's written testimony is included in a separate appendix.

7. Kathleen Kelly, citizen

Ms. Kelly testified that a rehabilitated house is a gift to a community that keeps giving back. She believes that urban core revitalization is a social justice issue, which she contends is a core issue.

8. Kevin Cahill, St. Louis Inner City Competitive Alliance

Mr. Cahill testified that a recent study done by the Harvard Business School indicated that the biggest issue in St. Louis was the lack of assembled tracts of land. He testified that a minimum of ten to fifteen acres of readily assembled land are necessary in order to take advantage of some of the opportunities that have been brought to St. Louis, but that amount of assembled land just doesn't exist.

9. Jay Simon, Metropolitan Design and Building Company and the St. Louis Home Builders Association

Mr. Simon testified that the St. Louis Home Builders Association strongly supports the historic preservation tax credits. He said we need to encourage the restoration and recycling of our structures and added that St. Louis is one of the most highly-competitive markets. It was his contention that tax credits are one reason why St. Louis has some of the most affordable housing in the nation.

10. Barbara Enneking, Center for Emerging Technologies

Ms. Enneking's written testimony is included in a separate appendix.

11. Rory Riddler, St. Charles City Council

Mr. Riddler testified that the St. Louis area in particular, is facing competition from Illinois. There is an airport in Illinois with easy access to St. Louis, the St. Louis MetroLink is now going to Illinois, and land is cheaper there than it is in St. Charles county. He said this situation has developed over the last year. He said it was very difficult to acquire abandoned or nuisance property because laws governing those areas "do not have enough teeth." Additionally, it is very expensive for a municipality to acquire these types of property.

Mr. Riddler also testified that he thought Missouri's cities could benefit from some of the methods utilized by the St. Charles Historic District. He said it was not necessary to rehabilitate an entire neighborhood. Rather, a municipality should pick key structures to rehabilitate. In his experience, once key buildings have been rehabilitated, developers often times come into the neighborhood to redevelop other parts of it.

Testimony taken November 15, 2001, in order of appearance:

1. Joe Egan, Director of Housing, Economic Development Corporation of Kansas City

Mr. Egan's written testimony is included in a separate appendix.

2. Roger Buford, Master Realty Properties, Inc., and Recon Development, Inc.

Mr. Buford testified that his companies did no development projects between 1990 and 1998. The reason his companies began developing again in 1998 was because of the Missouri Historic Tax Credit program. He said this was a program that works because it is not capped and testified strongly that this program should remain uncapped.

3. Gary Sage, Economic Development Corporation of Kansas City

Mr. Sage's written testimony is included in a separate appendix.

4. Andrew Bracker, Brownfields Coordinator, Brownfields Office, City Planning & Development Department, City of Kansas City, MO

Mr. Bracker's written testimony is included in a separate appendix. Mr. Bracker also testified that land assemblage is absolutely critical. He suggested that other communities have empowered the city to go in and, for reasons of public health and safety, take over blighted property, clean it up, and put a lien on the property. He thought this might be applicable in Kansas City.

Mr. Bracker also testified that the cost of cleaning up property should be considered when determining the value of the property. Mr. Bracker contends that, if it cost more to clean up the

property than the property is worth, public entities should not be required to pay market value if the property is not clean. Mr. Bracker testified that the courts and the panels that determine property value in cases of eminent domain have not recognized this concept.

5. Joe Ryan, Department of Conservation

Mr. Ryan spoke about the Discovery Center in Kansas City and the importance of partnerships with the community, as they relate to fundraising. He testified that the tax incentives they were able to use helped raise more money from a variety of sources. He testified that a $4 million investment from the state built a $10 million building. Mr. Ryan also testified that the Department of Conservation's urban foresters work with the Kansas City Parks Department to implement and preserve greenspaces throughout the city.

APPENDIX B

Written Testimony Provided
to the Committee by

Representative John Bowman
70th District

Department of Urban Conservation

House Interim Committee on Urban Conservation and Restoration

October 24, 2001

Why do we need a Department of Urban Conservation ?

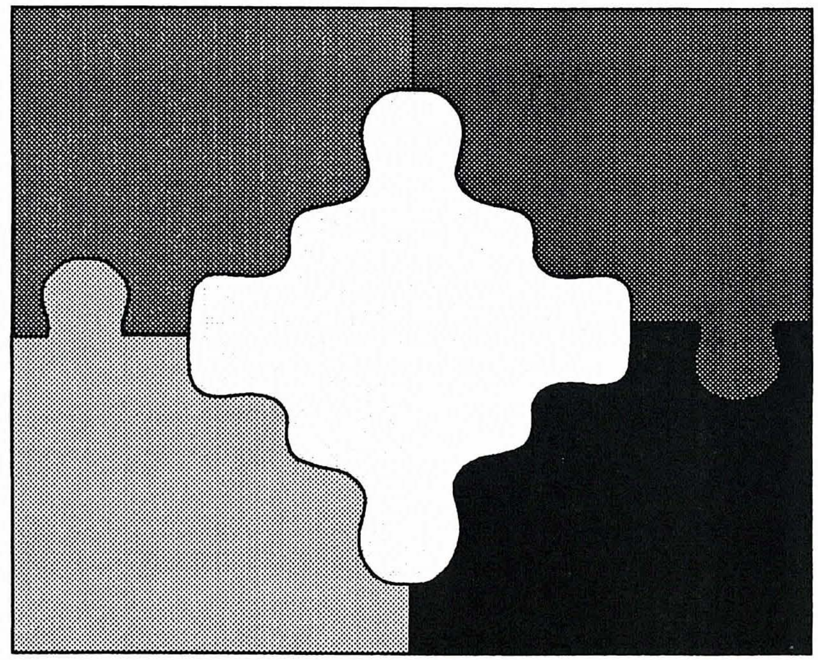
- Missouri's urban & rural communities are aging.
- Substantial infrastructure deficiencies:
  - Narrow & deteriorating streets,
  - Insufficient sanitary & storm sewer systems,
  - Substandard buildings plague most areas, and
  - Lack of productive areas for business and industry in these areas.

Why can't we raise a 1/8 cent sales tax & expand the Dept. of Conservation to assume the responsibility suggested ?

- Dept. of Conservation is in charge of preserving and promoting wise use of the state's wildlife & forestry resources,
- The majority of its resources have been devoted in the rural parts of the state, and
- Proposed DUC is directed towards making urban and rural areas more habitable & economically viable for human citizens.

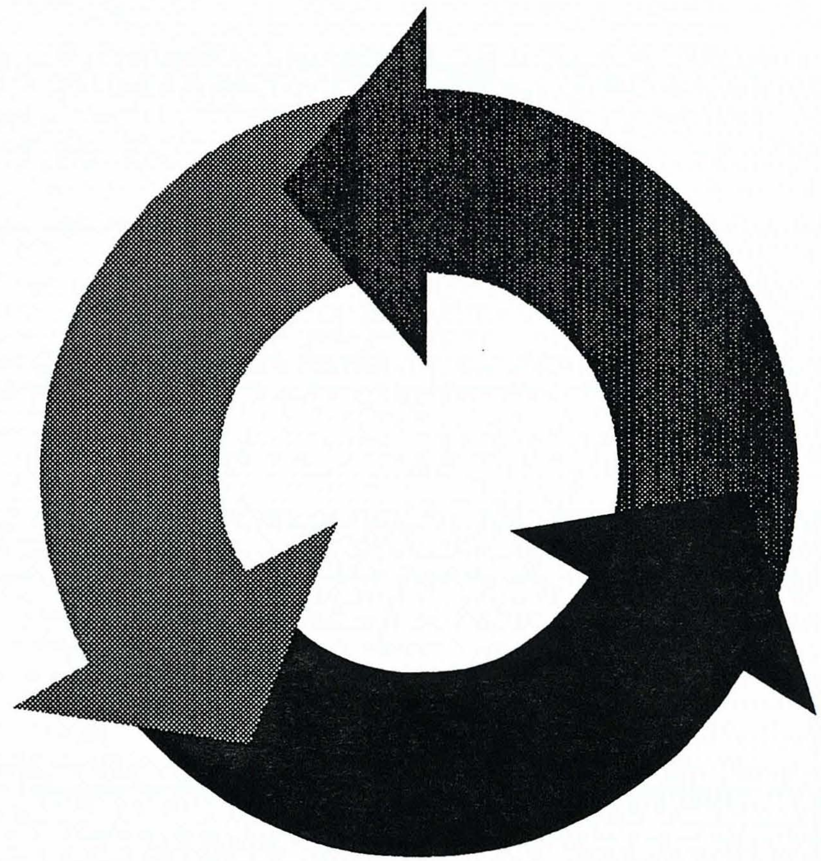
There are presently numerous laws (state, federal and local) to encourage redevelopment. Why do we need this program ?

- There is little cohesive planning & coordination between these various programs.
- DUC is intended to provide & implement a comprehensive plan of redevelopment in the distressed areas.



With a statewide tax, rural taxpayers' funds are going to the cities. Shouldn't the tax be limited to the cities ?

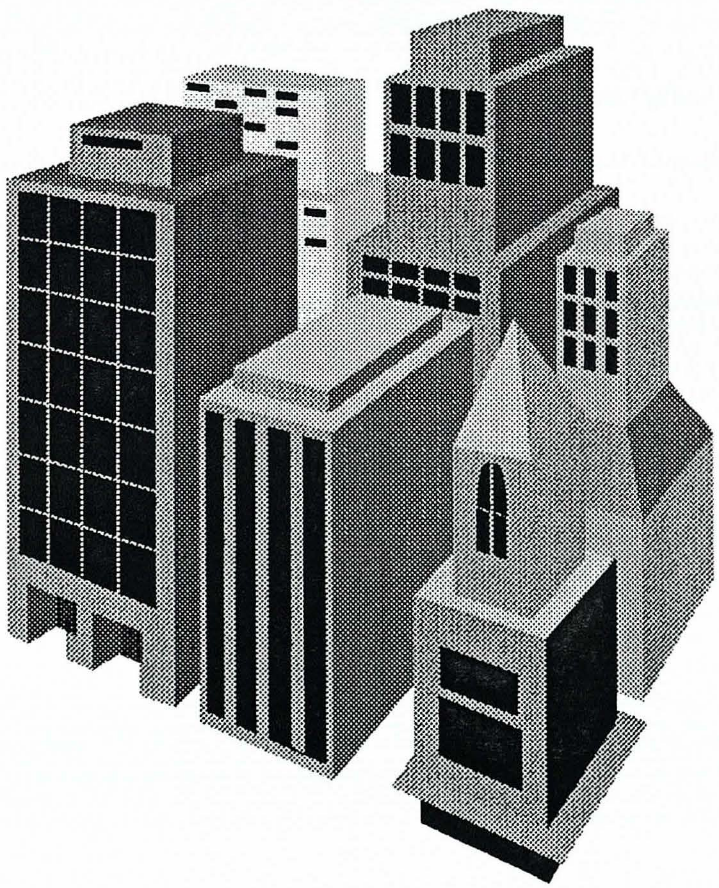
- The state benefits from both its urban and rural areas.
- Both contribute economically to the well being of the state.
- Other taxes that are disproportionately benefit rural or urban areas are also assessed on a statewide basis.



Under this plan large areas of property will be owned by the state. What input will the communities have in any redevelopment plans ?

- DUC is required to develop a comprehensive plan of revitalization of distressed areas in the state.
- Local governmental entities will be able to provide input to the DUC in designation of distressed areas & proposed plans of revitalization of such areas when such plan is formulated.
- DUC is required to coordinated its programs with existing federal, state, and local programs.
- It is envisioned that the DUC will work hand-in-hand with the communities to ensure coordinated revitalization efforts.

Will the state pay the city real estate taxes and other levies ?



- As a government entity, the DUC is not required to pay real estate taxes.
- Has discretionary authority to make payments in lieu of taxes to affected political subdivisions.

Will properties acquired by the DUC be offered for redevelopment immediately ? How long can these properties be held ?

- There is no limitation on the amount of time that property acquired by the DUC can be held.
- It may be necessary to hold some property for an extended period of time as other contiguous properties are acquired in order to ensure cohesive development of a particular area.
- Conceivably that either the DUC or the municipality in question will hold public improvements in perpetuity.

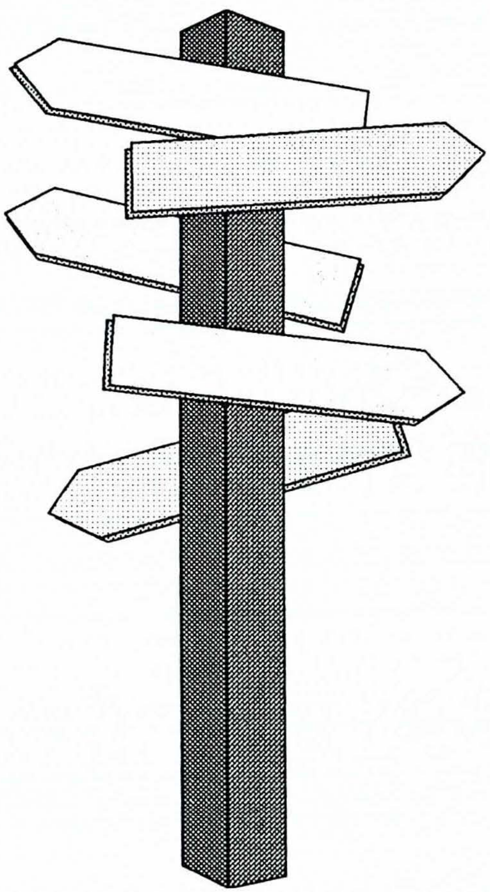
Who will be financially responsible for upgrading infrastructure in the redevelopment areas - the state or the cities ?

- It is anticipated that the cities would remain primarily responsible for providing infrastructure in the areas, and
- The state might provide alternative methods for financing such improvements, or assisting municipalities in acquiring property to provide such improvements.

Will the DUC have the power to condemn property ?

- The DUC will have right of eminent domain to condemn property, and
- would likely do so in order to assemble sufficient property in order to mount a comprehensive redevelopment program in any given area.

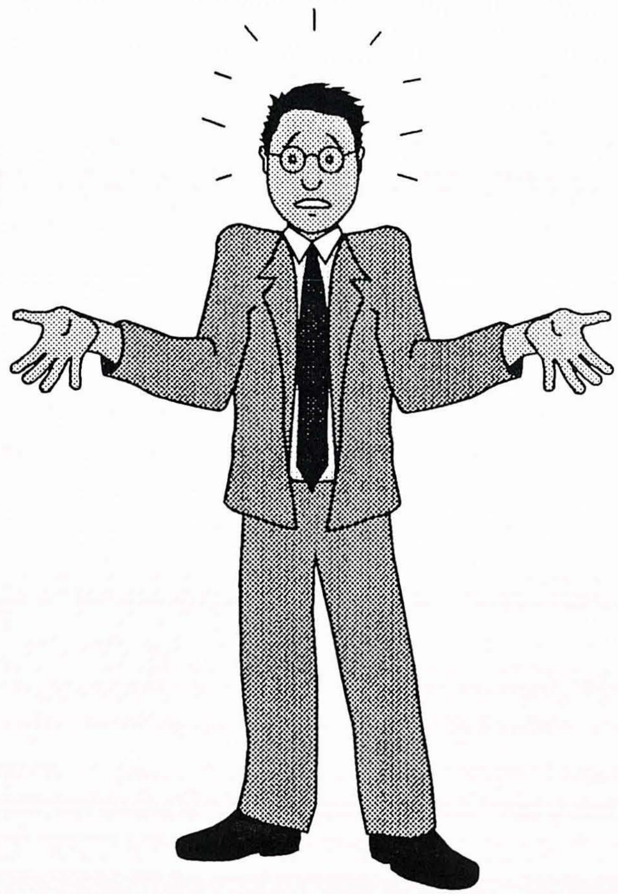
Who will be financially responsible for providing temporary or permanent housing for displaced citizens ?



- The DUC shall provide relocation assistance pursuant to existing law, to persons displaced as a result of the acquisition, rehabilitation or demolition of property by the DUC.

How will acquisition costs be determined ?

- Acquisition costs will be based on the fair market value of the property at the time the property is acquired by the DUC.

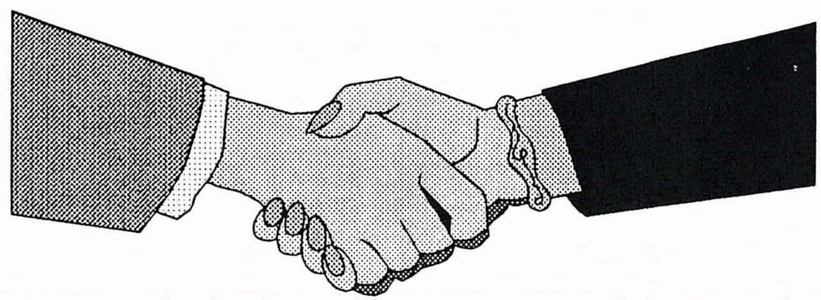


Can displaced owners buy their land back after redevelopment ? At what cost ?

- Displaced persons may be able to buy their property after redevelopment.
- Presumably, cost would be determined by the fair market value of the property, but it is conceivable that financial assistance might be available through one of the existing state housing assistance programs.

Will only the rich be able to afford to move back into the redeveloped areas ? How will diversity be maintained ?

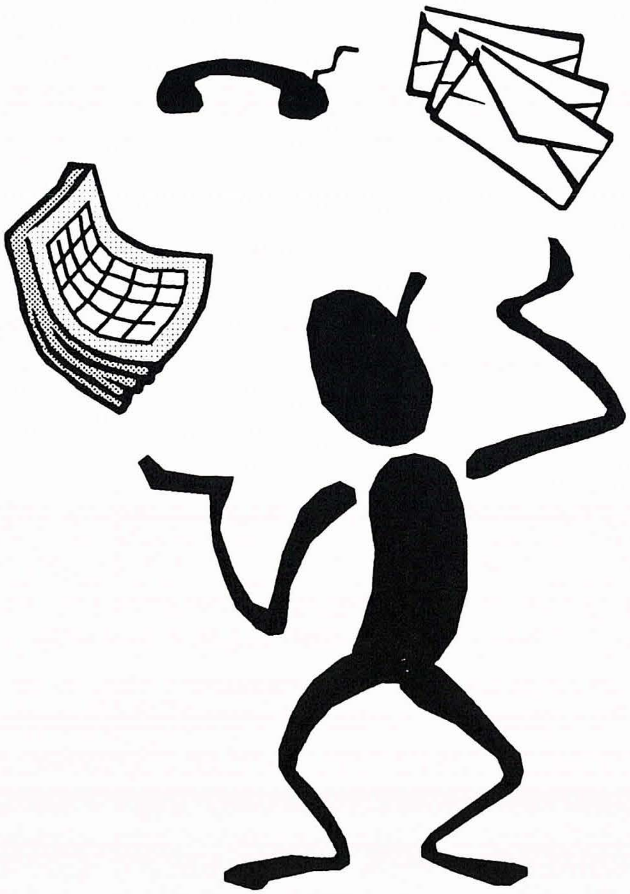
- The DUC will work with existing state and local housing programs, including the MO Housing Development Commission, which are currently committed to ensuring diversity in housing development.



What will become of neighborhoods in the inner cities ? What will be done to protect historic buildings and to preserve the character of neighborhoods ? Will churches be preserved ?

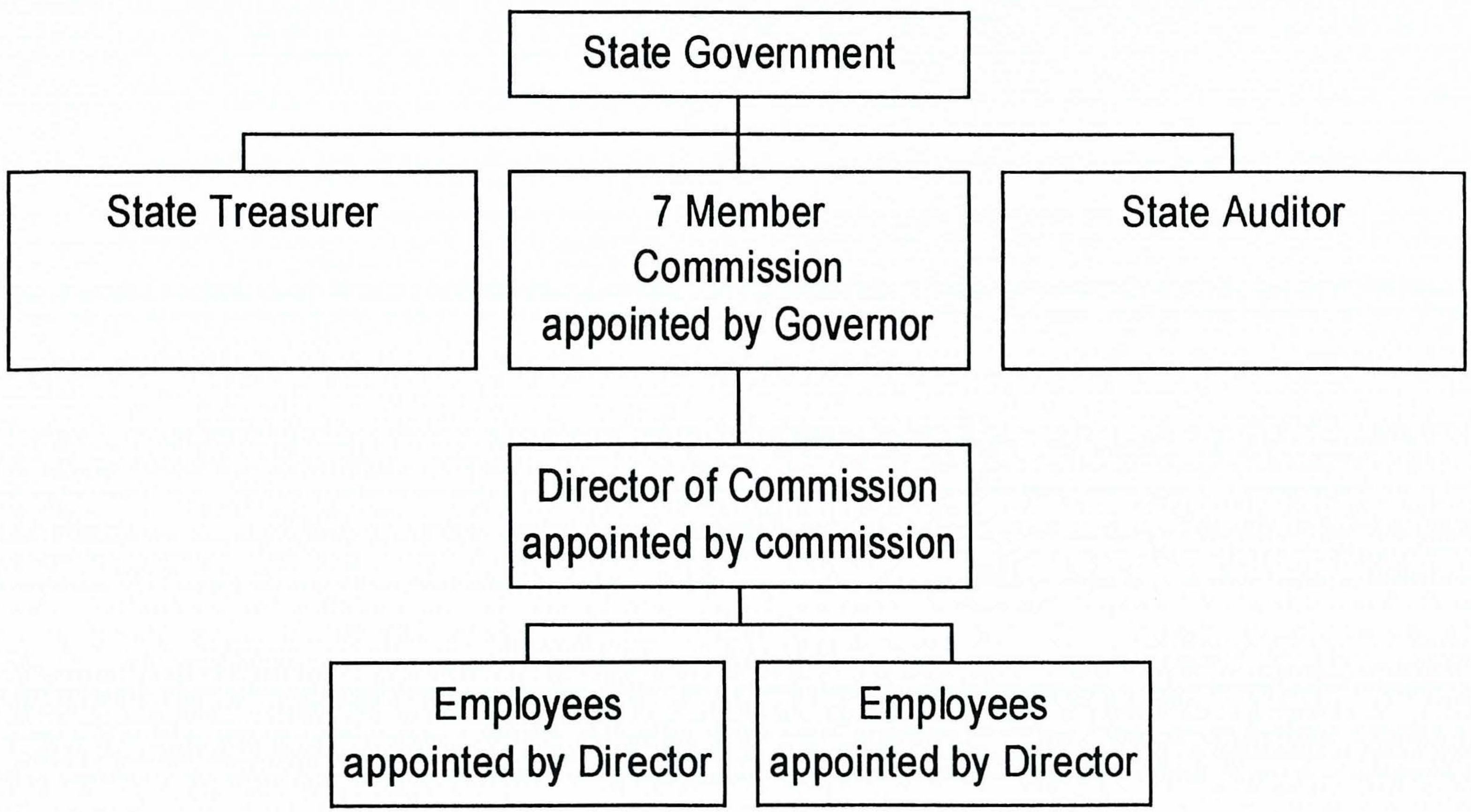
- One purpose of the DUC is to ensure that safe and sanitary housing is provided in the cities.
- Although such neighborhoods could be revitalized and redeveloped, the character of such neighborhoods changed somewhat as a result, neighborhoods will exist after implementation of DUC programs.
- The DUC is required to work with existing federal and local programs that ensure the protection and preservation of historic building.
- Churches, shopping areas, parks, and playgrounds will be provided to ensure that neighborhoods remain habitable after redevelopment.

How much will be raised from the 1/8-cent sales tax and 1/2 of the interest earned on state deposits ?



- Based on revenue of the Dept. of Conservation, which has a similar funding mechanism, the 1/8 cent sales tax should yield approximately $80 million and
- based on current performance, 1/2 of the interest earned on deposits of the state General Revenue Fund should yield an additional $40-50 million.

What will be the organizational configuration of the DUC ? How many divisions ? Employees ?



What will be the organizational configuration of the DUC ? How many divisions ? Employees ?

The policies and direction of the DUC will be determined by a nine-member Urban Conservation Commission, seven of whom will be persons with interest in urban conservation appointed by the governor with the advice and consent of the Senate, and of which five of the seven will be selected from urban areas of the state. The state treasurer and state auditor will also serve on the Urban Conservation Commission *ex officio*, and their input is intended to ensure financial responsibility and cohesive state investment policy in light of DUC goals. The Urban Conservation Commission will select and appoint a Director of the DUC, who will administer the department and its programs on a day-to-day basis. The Director may select and appoint such employees as are necessary to carry out the policy of the Urban Conservation Commission, and shall organize the department in accordance with existing state law on organization of executive branch departments as is necessary to accomplish the goals of the DUC.

Are other cities eligible for DUC project activities ? Who determines eligibility ?

- The DUC is required to develop a comprehensive plan for revitalization and redevelopment for all distressed areas in the state.
- Programs of the DUC are not limited to Kansas City and St. Louis.

Will the DUC have the authority to concentrate its efforts in one city or area or will its funds be allocated regionally ?

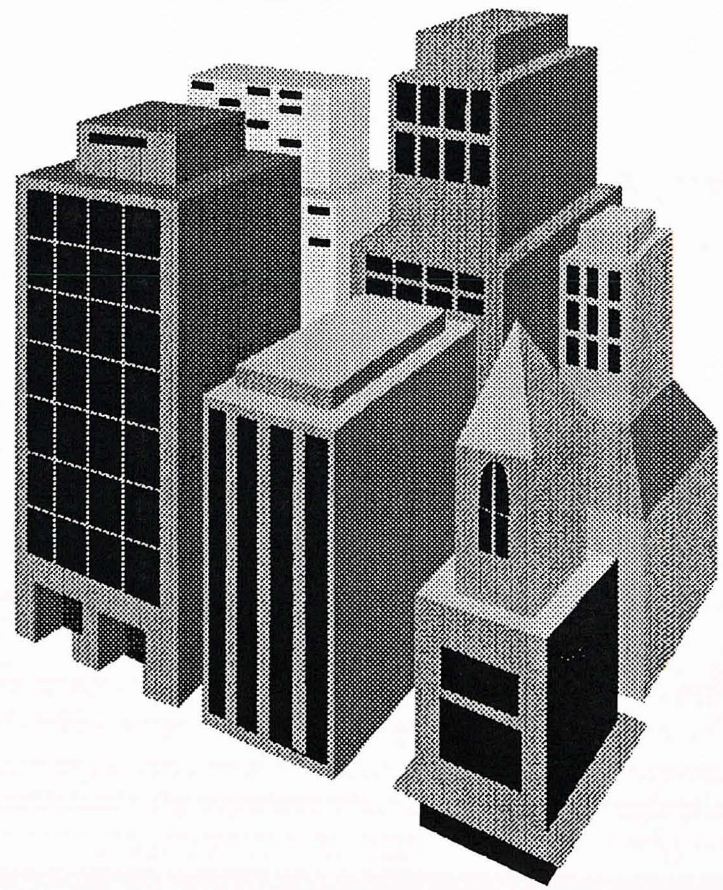
- The DUC will have the authority to determine the priority of its efforts, and may dedicate its resources in one particular area before moving on to another.

Who determines DUC priorities ?

- The DUC will be headed by a nine-member Urban Conservation Commission, which will determine the priorities and policies of the DUC.

What liabilities will the cities incur with regard to DUC acquisition plans and redevelopment plans ?

- Unless a municipality voluntarily assumes liability with respect to a particular project or aspect of a project, there would be no additional liability incurred by a particular city.
- The DUC cannot unilaterally impose liability on a municipality in which it conducts redevelopment or revitalization activities.



APPENDIX C

Written Testimony Provided
to the Committee by

Mr. Andrew Bracker
Brownfields Coordinator
Brownfields Office
City of Kansas City
City Planning & Development Department

CITY OF FOUNTAINS
HEART OF THE NATION

KANSAS CITY
MISSOURI

City Planning & Development Department

Office of the Director

15th Floor, City Hall
414 E. 12th Street
Kansas City, Missouri 64106-2795

(816) 513-1407
Fax: (816) 513-2838

November 14, 2001

Representative Derio L. Gambaro
MO House of Representatives
201 West Capitol Avenue
Room 236B
Jefferson City MO 65101

Dear Representative Gambaro:

I am the Brownfields Coordinator for the City of Kansas City, Missouri and I would like to provide you and other members of the Subcommittee on Urban Conservation and Restoration information about the importance of state brownfield redevelopment incentives to Kansas City. Enclosed is a Report on the Kansas City Brownfields program which describes current projects and successes, and a Primer of Tools and incentives prominently featuring the Missouri brownfields tax incentives. Without these incentives, acres of contaminated properties would not be cleaned, millions in new commercial and manufacturing facilities would not be built, and hundreds of new jobs would not be created in Kansas City.

In the Lewis & Clark Redevelopment Area located in the West Bottoms, $1.1 million in remediation tax credits and brownfields public infrastructure grant funds are leveraging a $12 million new warehouse distribution facility on the site of a brownfield cleanup and catalyzing over $20 million in new development on a former railroad yard nearby. Together, both projects will create over 135 jobs, not counting many new developments expected for the former railroad yard.

At the Westside Business Park located on Southwest Boulevard, approximately $1 million in remediation tax credits and loans made possible the transformation of a former railroad roundhouse and maintenance yard into an over $20 million state of the art facility for Output Technologies through a partnership between DST and the Hispanic Economic Development Corporation. This project will create 375 new jobs.

Finally, at Riverfront Park, over $2 million in remediation tax credits will help the City and the Port Authority complete cleanup of a 55-acre prime stretch of riverfront property and prepare it for a projected $300 million mixed-use development complex that will produce thousands of new jobs for Kansas City and Missouri.

The promise of the remediation tax credit, combined with other critical state incentives, is spurring on several key new projects in Kansas City that will create additional new jobs and investment, especially in urban core areas. One such project is the Library Lofts, L.P. redevelopment of several downtown office buildings into mixed-use lofts and commercial/retail space. This development is a crucial part of the continuing revitalization of downtown Kansas City, Missouri.

Future urban revitalization projects in Kansas City will depend on the state brownfield incentives. For instance, Prospect Corridor contains an abundance of brownfield sites that are barriers to redevelopment and cannot be addressed without state assistance. Many are auto related and consist of former and current gas stations, mechanics garages, tire shops, transmission and brake shops, car washes, and auto salvage lots. Others consist of former and currently operating dry cleaning facilities, and miscellaneous commercial and light industrial sites pose other problems. The area is a major priority for KCMO blight removal and revitalization. The brownfield strategy is to leverage initial investigation funds with state and federal incentives and private investment to meet the cleanup needs of the emerging redevelopment projects. An area-wide preliminary investigation is needed to inventory and categorize sites that lie within the priority redevelopment areas of the Prospect Corridor project.

Another example is Truman Corridor. Located north of Truman Road between Elmwood and Jackson Streets, this approximately 30 acre site is dominated by uncontrolled junk yards to the north and a mixture of commercial and light industrial properties along Truman road to the south and east. A preliminary environmental investigation disclosed several sites where additional assessment is necessary, including: four commercial sites, two drycleaners, a large metals manufacturing facility, and the widespread junk yards. Working in partnership with the Economic Development Corporation of Kansas City, Missouri, this site is of interest to a company seeking to construct a large manufacturing and distribution facility in Kansas City.

Finally, several industrial sites along the Blue River present significant redevelopment opportunities, and brownfield challenges, for Kansas. The industrial areas of the City's northeast and Blue River Corridor contain some of Kansas City's largest and most intractable brownfields. Once home to thousands of steel, automotive plant, wood treatment and other industrial and manufacturing jobs, the area is now home to closed plants and numerous auto-salvage and junk yards. Potential redevelopment sites include the Hart drive-in, Centropolis Loop, the Beazer East properties, the GM Leeds automotive plant, the former local airstrip, and numerous auto salvage yards throughout the area. In addition, the 900-acre former Armco/GST steel manufacturing complex presents a very large redevelopment opportunity in the area. Private interest in siting and expanding commercial and industrial facilities in this area is steady, but little is available in the way of clean properties. State brownfield incentives will be a critical and necessary part of any cleanup efforts to reuse these sites.

Each of the projects described above is directly tied to the state brownfields incentives. I therefore respectfully urge that you recommend protecting and maintaining the brownfield tax incentives as an essential part of the economic health of Kansas City and the State of Missouri. If you would like any additional information, please do not hesitate to contact me.

Sincerely,

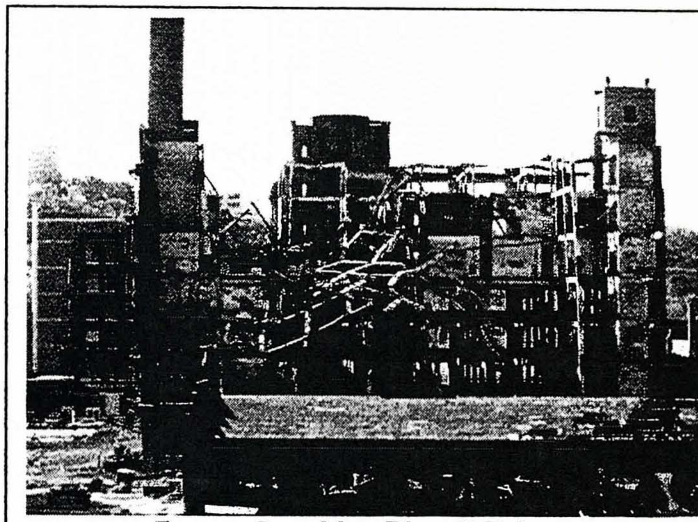
Andrew Bracker
Brownfields Coordinator

Cc: Tommie Emery Davis, Action Center
Richard Dehart, Assistant to Mayor Barnes
Sarah Topp, Gamble & Schlemeier

KANSAS CITY BROWNFIELDS SHOWCASE

Report of Accomplishments and Progress

May 2001



Former Sunshine Biscuit Bakery

Since its efforts began in 1996, Kansas City has achieved remarkable progress in facilitating the redevelopment of brownfield properties. "Brownfields" are idle or underused industrial and commercial sites where redevelopment is impeded by real or *perceived* contamination. Starting from a $200,000 federal seed grant, the program has obtained and helped to leverage over ***$40 million*** in federal, state and local funds for brownfield projects, and is beginning to leverage millions more in private capital investment. The City has established an effective Brownfields Office and Commission to coordinate and assist these complex projects. And the City recently received ***the Phoenix Award***, a national honor recognizing excellence in brownfield redevelopment work, for the Lewis & Clark Redevelopment Project. This report summarizes the projects and accomplishments of the City Brownfields Showcase Program.

Background

Brownfields typically offer excellent location, ready infrastructure, proper zoning, and easy access to multiple modes of transportation. Until recently, the great potential of these sites could not easily be tapped. Now, companies and individuals are buying and developing distressed sites, creating jobs, making profits, and rebuilding communities. Exciting examples in Kansas City may be found in the West Bottoms and elsewhere. A critical mass of capital, expertise, regulatory assistance and examples of successful projects is rapidly coming together. The City Brownfields Program and Commission, together with its bi-state partner, Kansas City, KS, are working to support and sustain these trends.

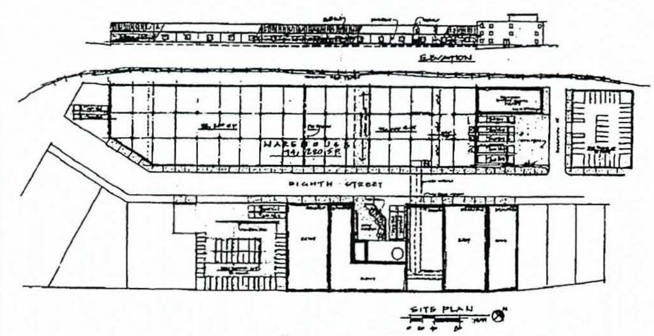
There are signs of an emerging market that demands central location, mature infrastructure, waterfront amenities, an older built environment and other attributes that often only urban locations can offer. Adding to this momentum is a growing commitment from all levels of government to focus on removing the barriers to reusing brownfields and making available incentives, resources and cooperation to support their redevelopment. Public resources would be meaningless without viable projects and the capacity and "know how" to manage them. Kansas City, working together with many stakeholders and partners, is developing the tools, expertise and quality projects necessary to achieve significant tangible results.

Results

Kansas City, Missouri Sites

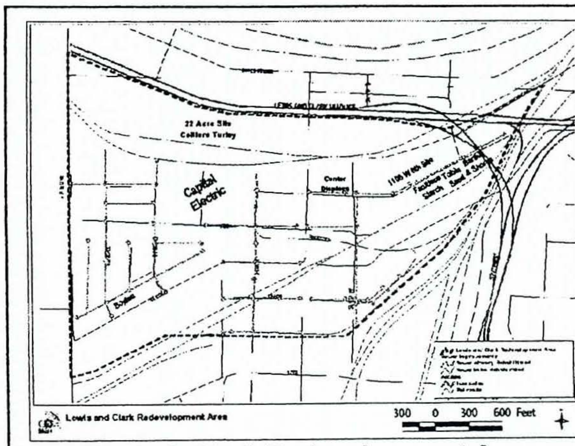
Riverfront Park Redevelopment- Fifty-five acres of prime riverfront property situated on the south bank of the Missouri River between the Paseo and ASB Bridges, is impacted by asbestos-containing demolition debris and former manufactured gas plant and other industrial uses. Cleanup of the demolition debris is on schedule for completion in 2001, with assistance from an $1.7M U.S.EPA grant and a $360,000 loan from the Brownfields Cleanup Revolving Loan Fund (BCRLF), the first in the region. The site is projected to support 3.3 million square feet of office, residential and retail space, including a world-class aquarium, with a total new investment of $300 million and over 10,000 new jobs.

Riverfront Park

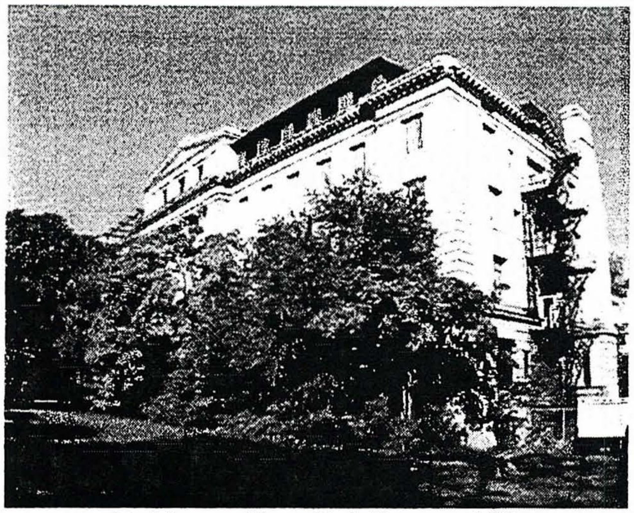


West 8th St. Facility Plan

Lewis & Clark Redevelopment Area – The cleanup and redevelopment of the fire-ravaged Sunshine Biscuit site and two adjacent brownfield properties on West 8th Street in the West Bottoms is the centerpiece of the Lewis & Clark Redevelopment Area project. Cleanup of asbestos and petroleum contamination is scheduled for completion in 2001. The combined site development will be a new $6 million manufacturing- warehouse-distribution facility (see figure above left). The project also includes a Water Services $2 million rehabilitation of combined sewers in the area (see figure below right). The project is expected to retain and create over 1000 jobs and spur over $25 million in private investment. The City received a $1 million grant from the U.S. Economic Development Administration to help fund the project and is leveraging over $4 million in state brownfield tax credits and grants, clean water revolving fund financing, and infrastructure grants. In 2000, the City received the Phoenix Award for this project, a national mark of excellence in the field of brownfield redevelopment.



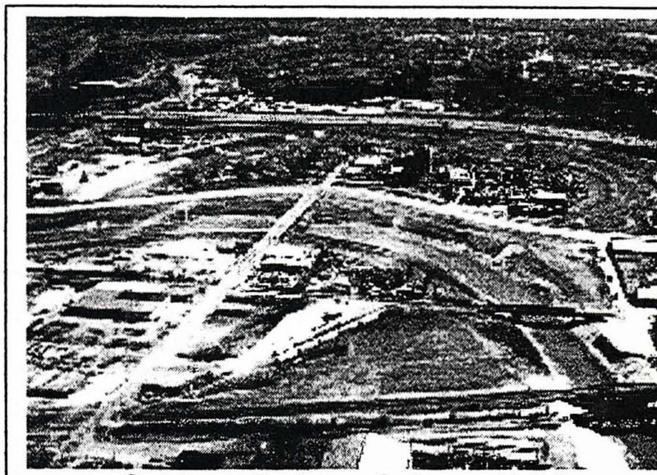
Lewis & Clark Redevelopment Area



Robinson Hospital, Beacon Hill

Beacon Hill – Several former service stations, dry cleaners and Robinson Hospital, a unique historic structure, will be investigated and cleaned up with a $1.25 million HUD Brownfields Economic Development Initiative grant to make way for a $50 million housing redevelopment project that will construct and rehabilitate over 250 owner-occupied, market-rate, single and multi-family residential units in this distressed Kansas City, MO neighborhood situated between Troost Avenue and Paseo Avenue near the new 18th & Vine Jazz Entertainment District.

Blue River Corridor – The Blue River is home to many known and suspected brownfield sites, the legacy of strong steel, automotive, wood treatment and other industrial activities that have declined precipitously since the 1950s. Kansas City, MO, the Economic Development Corporation and the U.S. Corps of Engineers are exploring ways to facilitate the redevelopment of industrial properties in the Blue Valley in the wake of substantial flood control improvements constructed by the Corps.



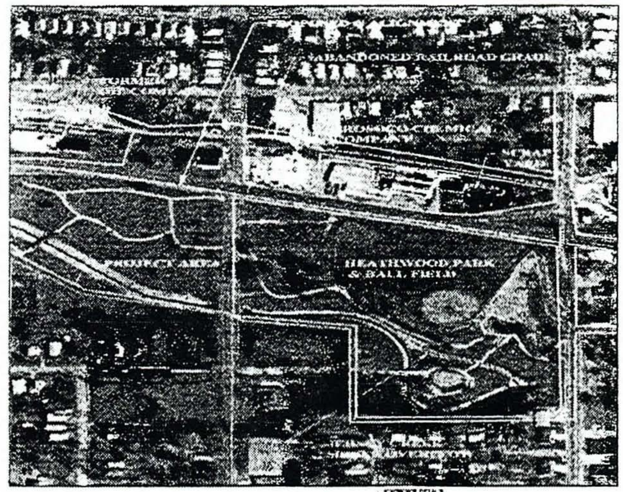
Centropolis Loop Salvage Yards

Cooperative efforts with EPA and MDNR include: a RCRA Brownfields Pilot, one of only four in the nation; an innovative RCRA interim site activity and permit modification that will help redevelop Beazer East, a former wood treatment facility; and an area-wide background study of contaminants in the Blue Valley will be performed to assist future remedial actions and site redevelopments. With good location, industrial zoning, existing and improved infrastructure, and flood protection, many opportunities exist to stimulate and coordinate redevelopment of these blighted sites. Potential development opportunities include: 20 acre Beazer East RCRA Brownfield; 20 acre Heart Drive-In; 25 acre Centrolpolis Loop salvage yards; 50 acre GM Leeds Auto Assembly plant; 900 acre Armco/GST former steel plant; and many more.

Kansas City, Kansas Sites

Parallel Parkway Improvement Corridor - The Parallel Parkway Improvement Corridor project, located in a distressed residential area of Kansas City, Kansas, is a strategic urban revitalization effort to widen a major thoroughfare into a four lane divided

boulevard, and cleanup and redevelop many brownfield sites within and along the new public right of way. In 1999, EPA funded Brownfield Targeted Assessments on several project sites, including oil recycling and refining facilities, tire and auto salvage facilities, abandoned service stations, and other industrial and commercial properties. In 2000, several Phase II assessments were completed. Participating agencies include the Unified Government of Wyandotte County/Kansas City, KS, Federal Highway Administration, the U.S. Environmental Protection Agency, the Department of Housing and Urban Development, and the Federal Home Loan Finance Board.

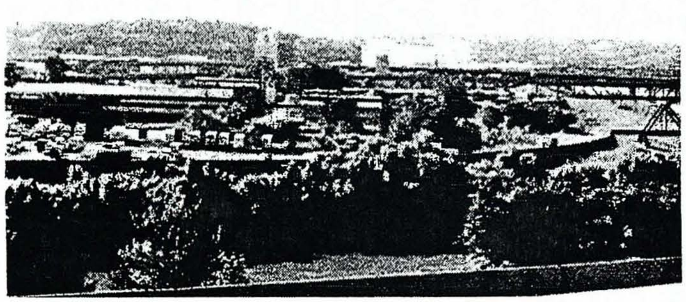


PARALLEL PARKWAY IMPROVEMENT CORRIDOR

Garland Park

Garland Park is an approximately 20 acre former municipal landfill located at 5th & Cleveland streets in the distressed Northeast neighborhood of Kansas City, KS. A non-profit, Associated Youth Services (AYS), intends to develop a 100,000 square foot commercial greenhouse on the site to provide employment opportunities for young adults and generate revenue to supplement its education and support activities for at-risk youth. In early 2001, a feasibility study funded by the Brownfields Initiative updated environmental site conditions, determined the feasibility of recycling landfill gas for facility heat, and explored on-site construction issues. The project involves a partnership between the Unified Government, AYS, Kansas Department of Health and Environment (KDHE), U.S. EPA and the Brownfields Initiative.

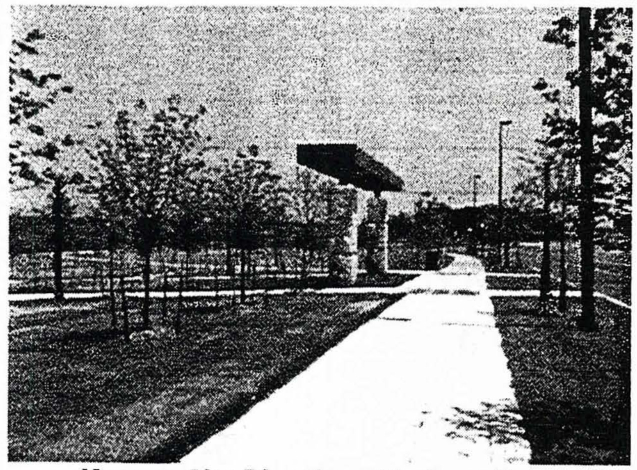
S&G Metals



S & G Metals Site - Kansas City, KS

This approximately 22 acre idle property located on the Kansas side of the Central Industrial District was an aluminum metal ingot foundry and manufacturing plant. Owned within the same family for decades, it contains many obsolete industrial structures. In the late 1970s, the improper disposal of foundry wastes from the site became the subject of public controversy. After extensive testing and investigation, however, both EPA and the Kansas Department of Health & Environment determined that the site did not warrant enforcement action. Potential buyers have rejected the site due, in part, to unresolved environmental concerns. A comprehensive assessment (Phase I &II) is needed.

Bi-State Projects



Kansas City Riverfront Heritage Trail

Riverfront Heritage Trail – A bi-state bicycle and pedestrian trail system is being planned that will connect important riverfront activity centers (downtown KCMO and KCK, Riverfront Park, River Market, Westside, Union Station, etc.), provide recreation, and feature historical and cultural highlights of Kansas City's past, and provide an important amenity that will enhance the redevelopment of at least nine brownfield properties located along the trail. A non-profit corporation, KC River Trails, Inc., supported by individuals and local businesses, has been formed to develop and manage the trail. Over ***$13 million*** in federal and state transportation grant funds have been awarded to design and begin construction of this innovative trail project. Other federal partners include the U.S. Army Corps of Engineers, EPA, and the National Parks Service.

Program

Kansas City has a comprehensive and permanent brownfields program. Its overall mission is to facilitate the safe cleanup and reuse of brownfield properties and to create jobs and value for affected neighborhoods and the City as a whole. The program is comprised of the following:

Kansas City Brownfields Initiative – Representatives of industry, non-profit and community organizations; both local governments; and the U.S. Environmental Protection Agency (EPA) administer a program to assess and facilitate the redevelopment of brownfields in the bi-state Kansas City metropolitan area. The Initiative has implemented $930,000 in EPA grants administered through the City of Kansas City, Missouri.

Kansas City Brownfields Showcase Community – In March of 1998, the bi-state Kansas City region was designated a Showcase Community, then one of only 16 in the nation. Showcase status has led to excellent federal agceny cooperation, faciliated millions in federal grants and incentives in support of specific brownfield projects, as well as the services of a full-time Federal Showcase Coordinator.

Brownfields Commission of Kansas City, Missouri – The Brownfields Commission facilitates brownfield redevelopment by endorsing worthy projects seeking state and federal resources, working to ensure that public funds are used most efficiently on projects that are subject to environmental impacts, and acting as a voice of the City to federal and state agencies. It is an eleven-member public body created by City ordinance and appointed by the Mayor. It holds public meetings generally on the last Monday of every month and notices are posted in the City Hall lobby.

Funding

The Brownfields Office has played either a lead or supporting role in obtaining over $40 million in total funding for projects in the bi-state Showcase and has another $3 million in requests currently pending. Showcase federal agency partnerships have been critical in leveraging federal resources. Other keys have been effective local project organization and management, and careful attention to funding agency program requirements, such as the timing of fund procurement and utilization within a project, local match requirements, and fund use restrictions.

Presented below is a complete funding table of all resources leveraged for Showcase Brownfield projects.

SHOWCASE PROJECT FUNDING TABLE

FUND SOURCE	DESCRIPTION	PROJECT	AMOUNT
HUD	Brownfields EDI Grant	Beacon Hill	$1,250,000
EDA	Public Works Infrastructure Grant	Lewis & Clark Redevelopment District	$1,000,000
EPA	Brownfields Cleanup Revolving Loan Fund	KCMO	$500,000
EPA	Brownfields Cleanup Revolving Loan Fund	Unified Government KCK/WY	$500,000
FHWA	TEA-21 CMAQ Grant	Riverfront Heritage Trail-Design Phase I	$500,000
FHWA	TEA-21 Enhancement Grant	Riverfront Heritage Trail-Constr. Seg 8A-1/10	$490,155
FHWA	TEA-21 Enhancement Grant	Riverfront Heritage Trail-Constr. Seg 8A-2	$499,287
FHWA	TEA-21 CMAQ Grant	Riverfront Heritage Trail-Constr. Seg 4C-MO/4E	$480,135
FHWA	TEA-21 Enhancement Grant	Riverfront Heritage Trail-Constr. Seg 2/4A	$400,000
FHWA	TEA-21 Enhancement Grant	Riverfront Heritage Trail-Constr. Grade Xing	$325,000
FHWA	TEA-21 CMAQ Grant	Riverfront Heritage Trail-Constr. 4C-KS	$215,000
FHWA	TEA-21 CMAQ Grant	Riverfront Heritage Trail-Design Seg 2/4A	$200,000
EPA	Brownfields Assessment Pilot Grant	Multiple	$200,000
EPA	Brownfields Showcase Assessment Grant	Multiple	$200,000
EPA	Supplemental Assistance Grant	Multiple	$200,000
EPA	Brownfields Showcase IPA Grant	Multiple	$200,000
HUD	Community Builders	Multiple	$200,000
EPA	Brownfields Showcase IPA Supplemental Grant	Multiple	$130,000
EPA	Technical Assistance IAG to USACE KC District	Multiple	$100,000
EPA	Technical Assistance IAG to USACE KC District	Blue Valley Redevelopment Team RCRA Pilot	$100,000
EPA	UST Fields Pilot	Gas Stations 25th & Brooklyn, 28th & Prospect	$100,000
NPS	Technical Assistance Grant	Riverfront Heritage Trail	$2,000
MO	Missouri Economic Development Funding	Lewis & Clark Redevelopment District	$1,500,000
MO	Missouri Brownfields Incentives	Lewis & Clark Redevelopment District	$610,000
MO	Missouri Brownfields Incentives	Lewis & Clark Redevelopment District	$275,000
KCMO	PIAC Funding	Gas Stations 25th & Brooklyn, 28th & Prospect	$300,000
KCMO	KC150 Grant	Central Industrial District	$5,000
Faultless Starch	Riverfront Heritage Trail		$10,000
		TOTAL FUNDING DIRECTLY SECURED	**$10,491,577**
HUD	Section 108 Loan Authority	Westside Business Park, Beacon Hill	$17,100,000
HUD	Economic Development Initiative (EDI) Grant	Westside Business Park	$7,100,000
HUD	Section 108 Loan Authority (BEDI Link)	Westside Business Park	$2,000,000
EPA	Superfund Line Item Assistance	Riverfront Redevelopment Park	$1,688,000
EDA	Public Works Infrastructure Grant	East Armourdale District	$697,000
HUD	BEDI Grant	KC Structural Steel	$400,000
MO	Missouri Brownfields Incentives	Westside Business Park	$900,000
		ADDITIONAL FUNDING SUPPORTED	**$29,885,000**
		TOTAL SHOWCASE FUNDING	**$40,157,577**

Accomplishments

Grant Accomplishments

- Obtained over $10 million in total federal and state funds to help assess, clean up and redevelop brownfield sites in the urban bi-state region.
- Obtained or supported efforts to obtain over $40 million in federal, state and local funds for brownfield redevelopment projects.

Environmental Accomplishments

- Completed assessments on 299 properties in five projects
- Facilitated redevelopment on all five projects
- Blight removal begun on West Bottoms site, cleanup to begin this Summer
- Cleanup of Riverfront Park Redevelopment Site to begin later this year
- Completed Design Concept and obtained funding for Bi-State Riverfront Heritage Trail, a bicycle/pedestrian trail system that will help reduce pollution and enhance redevelopment of as many as nine urban brownfield sites.

Community Accomplishments

- ❑ Assessed future site of Westside Neighborhood Public Library
- ❑ Included Westside neighborhood representatives on KCBI Steering Committee
- ❑ Used $1.25 million HUD Brownfields Economic Development Initiative (BEDI) Grant to help assess, cleanup and redevelop brownfield sites for $50 million neighborhood housing revitalization project.
- ❑ Supported two Brownfields Job Training Programs to equip urban residents for new environmental careers.
- ❑ Employed graduates of Brownfields Training Program in assessment of Beacon Hill Redevelopment Project.
- ❑ Held Distressed Properties Workshop and Forum events in 1999.

Regional Accomplishments

Coordinated Kansas City, KS and Kansas City, MO local governments, community and business organizations, non-profits (including BTG), and EPA to do the following:

- ➢ Obtain and implement $200,000 Bi-State EPA Brownfields Assessment Pilot
- ➢ Obtain and implement $2.5 million Bi-State EPA Brownfields Showcase Community
- ➢ Obtain and implement $200,000 Supplemental Assistance Pilot Grant
- ➢ Organize the Bi-state Riverfront Heritage Trail project and obtain over $6,000,000 of funding for design and construction.
- ➢ Coordinate state and local agencies in Kansas and Missouri to obtain ***two*** $500,000 EPA Brownfields Cleanup Revolving Loan Fund grants.

Honors

- ✧ National "Phoenix Award" for Region VII 2000
- ✧ Bridging The Gap, David Garcia Award for Environmental Excellence 2000
- ✧ Kansas City Industrial Council "Brick by Brick" Awards 1998 & 1999

The Future

Blighted urban properties are being successfully assessed, cleaned up and reused, and many more projects are on the horizon. Many sites can be found in the Industrial Crescent that encircles the City's urban core: the Central Industrial District, Northeast Industrial District, and Blue Valley. Giants in agricultural, rail, and manufacturing industries, who once provided tens of thousands of local jobs, either closed their plants or relocated, leaving behind thousands of acres of properties.

Another frontier of brownfields exists within our urban neighborhoods. Former commercial strips and nodes in declining residential areas often hide numerous former gas stations with buried tanks, former dry cleaners, and vehicle salvage and maintenance facilities. While small in scale, the problems and costs associated with these brownfield sites are often more than enough to deter the infrequent developer interest in these areas.

Through a concerted public and private effort, it is becoming possible to improve and redevelop all of these areas. The perception of distressed property redevelopment as too costly or risky is changing. Businesses, developers and commercial realtors, inside and outside Kansas City, are seeking information about challenged properties with potential for redevelopment. Success ultimately depends upon public/private partnerships and effective coordination. Businesses and organizations interested in projects of their own should contact the Brownfields Office and learn how to access these important resources and tools.

For more information, please contact:

Andrew Bracker, Brownfields Coordinator
Brownfields Office, KCMO Dept. of Housing & Community Development
City Hall, 11th Floor
414 E. 12th Street
Phone (816) 513-3002
Fax (816) 513-3011
e-mail: andrew_bracker@kcmo.org

Vince Bilardo, Federal Showcase Coordinator
Brownfields Office, KCMO Dept. of Housing & Community Development
City Hall, 11th Floor
414 E. 12th Street
Phone (816) 513-3001
Fax (816) 513-3011
e-mail: vince_bilardo@kcmo.org

APPENDIX D

Written Testimony Provided
to the Committee by

The Department of Economic
Development

Department of Economic Development
Definitions and Explanation of Certain Programs

DEFINITIONS:

"Authorized" is the amount of credits approved for issuance based on the application. Approximately 60% of authorized credits are redeemed, since some projects cannot meet the conditions of their approved application.

"Issued" credits mean that the project has met the conditions of the program (such as actually obtaining a contribution to a non-profit corporation, plus other conditions for other programs), and the credit is issued to the appropriate entity. Approximately 71% of credits issued are redeemed, since some recipients do not have sufficient tax liability to use all the credits they have been issued (and many DED credits are not sellable or refundable).

"Redeemed" means that the credit is used by the recipient entity to offset their MO tax liability.

"Total State Cost" is the sum of "Redeemed" credits, "income modification" (a modification of the amount of taxable income, applicable to only 3 programs), and "refunds" (payments made by the state on the amount of credits that exceed the recipient entity's tax liability, applicable for only 4 programs).

GEOGRAPHIC DISTRIBUTION REPORT:

DED's new "Customer Management System" ("CMS") compiles data based on **"authorized"** credits, which is significantly different than **"redeemed"** credits, as detailed below:

a. Differences of Authorized and Redeemed credits: Data for "redeemed" credits comes from the Departments of Revenue and Insurance which does not have the capability to provide geographic information of credit recipients. The differences in the amount of "authorized", "issued" and "redeemed" data is:

1. The amount of credits redeemed is approximately **60%** (average from Fy99 to Fy02) of the credits **authorized**.

2. The amount of credits redeemed is approximately **71%** of the credits **issued** (same time period).

b. Timing: The timing of when "authorized" and "issued" credits become "redeemed" is several years, depending on the program. For some programs, it could be only 1 year, but for others, it could be spread out over as much as 15 years.

c. Incomplete CMS Data: Not all DED programs have fully completed entering and verifying data in CMS.

d. Project Location: For some programs, the recipient of the credit is not in the same county as the location of the project. Programs that involve either contributions or investments to non-profits or businesses by entities that receive credits will list the address of the credit recipient, not the location of the project, which may not be in the same county. This involves approximately **28%** of the amount of credits.

Missouri Department of Economic Development
Tax Credits, Tax Exemptions, Refunds, and Related Programs

FY - 98	Bus. Facility	Ent. Zone	Development	Build				SubTot: Bus. Recr.
Credits Authorized - FY 98	$ 6,841,101	$ 62,719,168	$ 500,000	$ 3,051,300				**$ 73,111,569**
Credits Issued - FY-98	$ 6,841,101	$ 62,719,168	$ 500,000	$ 204,650				**$ 70,264,919**
Percent credits redeemed of issued - FY 98	83%	27%						**32%**
Credits Redeemed - FY 98	$ 5,669,134	$ 16,892,628	(inc. in NAP)	$ -				**$ 22,561,762**
Income Modification and/or Refunds	$ 2,177,023	$ 5,073,861						**$ 7,250,884**
Total State Cost	**$ 7,846,157**	**$ 21,966,489**	(inc. in NAP)	**$ -**				**$ 29,812,646**
FY - 99	**Bus. Facility**	**Ent. Zone**	**Development**	**Build**	**Rebldg Com.**		**Mutual Fund**	**SubTot: Bus. Recr.**
Credits Authorized - FY 99	$ 6,431,214	$ 70,241,728	$ 1,526,500	$ 24,147,900	$ 1,025,000		$ 6,350,196	**$ 109,722,538**
Credits Issued - FY-99	$ 6,431,214	$ 70,241,728	$ 448,653	$ 952,391			$ 6,350,196	**$ 84,424,182**
Percent credits redeemed of issued- FY 99	72%	19%					100%	**28%**
Credits Redeemed - FY 99	$ 4,629,753	$ 13,059,155	(inc. in NAP)				$ 6,350,196	**$ 24,039,104**
Income Modification and/or Refunds	$ 2,141,120	$ 7,737,974						**$ 9,879,094**
Total State Cost	**$ 6,770,873**	**$ 20,797,129**	(inc. in NAP)				**$ 6,350,196**	**$ 33,918,198**
FY -2000	**Bus. Facility**	**Ent. Zone**	**Development**	**Build**	**Rebldg Com.**	**Film**	**Mutual Fund**	**SubTot: Bus. Recr.**
Credits Authorized - FY 00	$ 7,692,526	$ 58,315,870	$ 4,000,000	$ 1,036,000	$ 2,285,000	$ 1,000,000	$ 6,350,196	**$ 80,679,592**
Credits Issued - FY 00	$ 7,692,526	$ 58,315,870	$ 2,350,000	$ 1,063,635	$ 386,861	$ 457,765	$ 6,350,196	**$ 76,616,853**
Percent credits redeemed of issued - FY 00	48%	25%		43%	26%	0%	100%	**33%**
Credits Redeemed FY 2000	$ 3,660,956	$ 14,405,428	(inc. in NAP)	$ 454,139	$ 100,221	$ -	$ 6,350,196	**$ 24,970,940**
Income Modification and/or Refunds	$ 2,240,891	$ 8,001,997		$ -	$ -			**$ 10,242,888**
Total State Cost	**$ 5,901,847**	**$ 22,407,425**	(inc. in NAP)	**$ 454,139**	**$ 100,221**	**$ -**	**$ 6,350,196**	**$ 35,213,828**
FY - 2001	**Bus. Facility**	**Ent. Zone**	**Development**	**Build**	**Rebldg Com.**	**Film**	**Mutual Fund**	**SubTot: Bus. Recr.**
Credits Authorized	$ 8,065,039	$ 68,981,548	$ 1,402,500	$ 7,511,500	$ 2,802,077	$ 700,000	$ 7,302,725	**$ 96,765,389**
Credits Issued	$ 8,065,039	$ 68,981,548	$ 737,500	$ 265,600	$ 1,427,077	$ 672,432	$ 7,302,725	**$ 87,451,921**
Percent credits redeemed of issued	56%	26%		250%	74%	131%	100%	**37%**
Credits Redeemed	$ 4,521,162	$ 17,877,408	(inc. in NAP)	$ 664,257	$ 1,053,401	$ 882,305	$ 7,302,725	**$ 32,301,258**
Income Modification and/or Refunds	$ 2,200,000	$ 3,847,496						**$ 6,047,496**
Total State Cost	**$ 6,721,162**	**$ 21,724,904**	(inc. in NAP)	**$ 664,257**	**$ 1,053,401**	**$ 882,305**	**$ 7,302,725**	**$ 38,348,754**
FY -2002 Projected	**Bus. Facility**	**Ent. Zone**	**Development**	**Build**	**Rebldg Com.**	**Film**	**Mutual Fund**	**SubTot: Bus. Recr.**
Credits Authorized	$ 8,000,000	$ 72,430,625	$ 4,000,000	$ 21,891,525	$ 5,000,000	$ 1,000,000	$ 9,500,000	**$ 121,822,150**
Credits Issued	$ 8,000,000	$ 72,430,625	$ 3,200,000	$ 4,834,636	$ 5,000,000	$ 800,000	$ 9,500,000	**$ 103,765,261**
Percent credits redeemed of issued	70%	26%	90%	25%	80%	90%	100%	**41%**
Credits Redeemed	$ 5,600,000	$ 18,831,963	$ 2,880,000	$ 1,208,659	$ 4,000,000	$ 720,000	$ 9,500,000	**$ 42,740,622**
Income Modification and/or Refunds	$ 2,100,000	$ 4,039,871		$ 3,625,977				**$ 9,765,848**
Total State Cost	**$ 7,700,000**	**$ 22,871,833**	**$ 2,880,000**	**$ 4,834,636**	**$ 4,000,000**	**$ 720,000**	**$ 9,500,000**	**$ 52,506,469**

Projections for FY-02 Updated November 15, 2001 by DED Tax Credit Administrators

Missouri Department of Economic Development
Tax Credits, Tax Exemptions, Refunds, and Related Programs

FY - 98	Brwnfd-Remedtn	Brwnfd-jobs/inv		Com. Bank	Historic	MDFB Bond Gty	MDFB Inf.	SubTot:Redev
Credits Authorized - FY 98	$ 2,750,000	$ 4,500,000		$ 159,677	$ 24,650	$ 8,500,000	$ 44,624,088	**$ 60,558,415**
Credits Issued - FY-98	$ -	$ -		$ 159,677	$ 24,650	$ -	$ 24,663,507	**$ 24,847,834**
Percent credits redeemed of issued - FY 98		0		7%	0%		57%	**57%**
Credits Redeemed - FY 98	$ -	$ -		$ 11,050	$ -	$ -	$ 14,069,084	**$ 14,080,134**
Income Modification and/or Refunds								**$ -**
Total State Cost	**$ -**	**$ -**		**$ 11,050**	**$ -**	**$ -**	**$ 14,069,084**	**$ 14,080,134**
FY - 99	**Brwnfd-Remedtn**	**Brwnfd-jobs/inv**		**Com. Bank**	**Historic**	**MDFB Bond Gty**	**MDFB Inf.**	**SubTot:Redev**
Credits Authorized - FY 99	$ 2,037,000	$ 306,350		$ -	$ 10,171,913	$ -	$ 17,482,172	**$ 29,997,435**
Credits Issued - FY-99	$ 1,957,974	$ 57,542		$ -	$ 10,171,913	$ -	$ 28,781,091	**$ 40,968,520**
Percent credits redeemed of issued- FY 99	3%	19%			25%		30%	**27%**
Credits Redeemed - FY 99	$ 50,654	$ -		$ 63,857	$ 2,559,713	$ -	$ 8,532,781	**$ 11,207,005**
Income Modification and/or Refunds		$ -						**$ -**
Total State Cost	**$ 50,654**	**$ -**		**$ 63,857**	**$ 2,559,713**	**$ -**	**$ 8,532,781**	**$ 11,207,005**
FY -2000	**Brwnfd-Remedtn**	**Brwnfd-jobs/inv**		**Com. Bank**	**Historic**	**MDFB Bond Gty**	**MDFB Inf.**	**SubTot:Redev**
Credits Authorized - FY 00	$ 14,411,000	$ 9,770,000		$ -	$ 23,700,000	$ 7,000,000	$ 10,000,000	**$ 64,881,000**
Credits Issued - FY 00	$ 2,761,084	$ 80,921		$ -	$ 20,701,046		$ 11,560,819	**$ 35,103,870**
Percent credits redeemed of issued - FY 00	56%	0%			42%		285%	**124%**
Credits Redeemed FY 2000	$ 1,552,784	$ -		$ 90,967	$ 8,790,758	$ -	$ 33,004,811	**$ 43,439,320**
Income Modification and/or Refunds		$ 11,196						**$ 11,196**
Total State Cost	**$ 1,552,784**	**$ 11,196**		**$ 90,967**	**$ 8,790,758**	**$ -**	**$ 33,004,811**	**$ 43,450,516**
FY - 2001	**Brwnfd-Remedtn**	**Brwnfd-jobs/inv**		**Com. Bank**	**Historic**	**MDFB Bond Gty**	**MDFB Inf.**	**SubTot:Redev**
Credits Authorized	$ 10,820,000	$ 5,360,000		$ 4,650,000	$ 72,500,000	$ 30,327,500	$ 8,527,516	**$ 132,185,016**
Credits Issued	$ 9,910,349	$ 71,345		$ 155,750	$ 41,583,979	$ -	$ 9,108,350	**$ 60,829,773**
Percent credits redeemed of issued	46%	6%			82%		97%	**78%**
Credits Redeemed	$ 4,517,217	$ 4,567		$ 43,089	$ 33,971,984	$ -	$ 8,798,670	**$ 47,335,527**
Income Modification and/or Refunds								**$ -**
Total State Cost	**$ 4,517,217**	**$ 4,567**		**$ -**	**$ 33,971,984**	**$ -**	**$ 8,798,670**	**$ 47,292,438**
FY -2002 Projected	**Brwnfd-Remedtn**	**Brwnfd-jobs/inv**	**Brwnfd-Demoltn**	**Com. Bank**	**Historic**	**MDFB Bond Gty**	**MDFB Inf.**	**SubTot:Redev**
Credits Authorized	$ 14,000,000	$ 6,000,000	$ 2,000,000	$ 500,000	$ 116,000,000	$ -	$ 10,000,000	**$ 148,500,000**
Credits Issued	$ 15,000,000	$ 150,000	$ 500,000	$ 1,200,000	$ 88,000,000	$ -	$ 8,500,000	**$ 113,350,000**
Percent credits redeemed of issued	49%	67%	80%	83%	74%		100%	**73%**
Credits Redeemed	7,375,826	$ 100,000	$ 400,000	$ 1,000,000	$ 65,000,000	$ -	$ 8,500,000	**$ 82,375,826**
Income Modification and/or Refunds		$ 50,000						**$ 50,000**
Total State Cost	**$ 7,375,826**	**$ 150,000**	**$ 400,000**	**$ 1,000,000**	**$ 65,000,000**	**$ -**	**$ 8,500,000**	**$ 82,425,826**

Projections for FY-02 Updated November 15, 2001 by DED Tax Credit Administrators

FY - 98	Capital SBIC	CapCo	Seed Cap				Research			Incubator	SubTot:Entrep.
Credits Authorized - FY 98	$ 2,626,741	$ 50,000,000	$ 416,700				$ 16,817,415			$ 91,000	$ 69,951,856
Credits Issued - FY-98	$ 2,626,741	$ 10,000,000	$ 416,700				$ 16,817,415			$ 91,000	$ 29,951,856
Percent credits redeemed of issued - FY 98	32%	98%	49%				27%			46%	51%
Credits Redeemed - FY 98	$ 842,045	$ 9,543,894	$ 204,151				$ 4,531,457			$ 41,408	$ 15,162,955
Income Modification and/or Refunds											$ -
Total State Cost	**$ 842,045**	**$ 9,543,894**	**$ 204,151**				**$ 4,531,457**			**$ 41,408**	**$ 15,162,955**
FY - 99	**Capital SBIC**	**CapCo**	**Seed Cap**	**NewEntCrtn**	**Wine/Grape**		**Research**			**Incubator**	**SubTot:Entrep.**
Credits Authorized - FY 99	$ 5,662,213	$ 40,000,000	$ 278,654		$ -		$ 12,098,659			$ 102,750	$ 58,142,276
Credits Issued - FY-99	$ 5,662,213	$ 14,000,000	$ 278,654		$ -		$ 12,098,659			$ 102,750	$ 32,142,276
Percent credits redeemed of issued- FY 99	23%	96%	33%				90%			30%	80%
Credits Redeemed - FY 99	$ 1,325,372	$ 13,422,603	$ 90,954		$ -		$ 10,891,612			$ 30,920	$ 25,761,461
Income Modification and/or Refunds											$ -
Total State Cost	**$ 1,325,372**	**$ 13,422,603**	**$ 90,954**		**$ -**		**$ 10,891,612**			**$ 30,920**	**$ 25,761,461**
FY -2000	**Capital SBIC**	**CapCo**	**Seed Cap**	**NewEntCrtn**	**Wine/Grape**	**Guarantee Fee**	**Research**	**Charcoal**		**Incubator**	**SubTot:Entrep.**
Credits Authorized - FY 00	$ 2,271,090	Cap Expired	$ 3,791,346		$ 813,260	$ 127,378	$ 12,287,926	$ 101,370		$ 113,075	$ 19,505,445
Credits Issued - FY 00	$ 2,271,090	$ 14,000,000	$ 3,791,346		$ 813,260	$ 127,378	$ 12,287,926	$ 101,370		$ 113,075	$ 33,505,445
Percent credits redeemed of issued - FY 00	197%	89%	18%		0%	0%	22%	0%		58%	61%
Credits Redeemed FY 2000	$ 4,467,528	$ 12,424,259	$ 692,982		$ 52,777	$ 982	$ 2,679,161	$ -		$ 65,319	$ 20,383,008
Income Modification and/or Refunds											$ -
Total State Cost	**$ 4,467,528**	**$ 12,424,259**	**$ 692,982**		**$ 52,777**	**$ 982**	**$ 2,679,161**	**$ -**		**$ 65,319**	**$ 20,383,008**
FY - 2001	**Capital SBIC**	**CapCo**	**Seed Cap**	**NewEntCrtn**	**Wine/Grape**	**Guarantee Fee**	**Research**	**Charcoal**		**Incubator**	**SubTot:Entrep.**
Credits Authorized	Cap Expired	Cap Expired	Cap Expired	$ 20,000,000	$ 1,091,686	Repealed	$ 10,798,060	$ 193,888		$ 200,000	$ 32,283,634
Credits Issued	$ -	$ 14,000,000		$ 1,957,500	$ 1,091,686		$ 10,798,060	$ 193,888		$ 132,009	$ 28,173,143
Percent credits redeemed of issued		90%			58%		79%			131%	94%
Credits Redeemed	$ 3,399,257	$ 12,569,861	$ 1,235,887	$ -	$ 629,145	$ 107,080	$ 8,476,856	$ -		$ 172,912	$ 26,590,998
Income Modification and/or Refunds											$ -
Total State Cost	**$ 3,399,257**	**$ 12,569,861**	**$ 1,235,887**	**$ -**	**$ 629,145**	**$ 107,080**	**$ 8,476,856**	**$ -**		**$ 172,912**	**$ 26,590,998**
FY -2002 Projected	**Capital SBIC**	**CapCo**	**Seed Cap**	**NewEntCrtn**	**Wine/Grape**	**Guarantee Fee**	**Research**	**Charcoal**	**New Gen Co-op**	**Incubator**	**SubTot:Entrep.**
Credits Authorized	Cap Expired	Cap Expired	Cap Expired	Cap Expired	$ 1,200,000	Repealed	$ 9,700,000	$ 100,000	$ 1,000,000	$ 200,000	$ 12,200,000
Credits Issued	Cap Expired	$ 14,000,000	Cap Expired	$ 4,212,753	$ 1,200,000		$ 9,700,000	$ 100,000	$ 500,000	$ 150,000	$ 29,862,753
Percent credits redeemed of issued		86%		76%	58%		82%	80%	70%	100%	97%
Credits Redeemed	$ 3,000,000	$ 12,000,000	$ 1,300,000	$ 3,200,000	$ 700,000		$ 8,000,000	$ 160,000	$ 350,000	$ 150,000	$ 28,860,000
Income Modification and/or Refunds											$ -
Total State Cost	**$ 3,000,000**	**$ 12,000,000**	**$ 1,300,000**	**$ 3,200,000**	**$ 700,000**		**$ 8,000,000**	**$ 160,000**	**$ 350,000**	**$ 150,000**	**$ 28,860,000**

Missouri Department of Economic Development
Tax Credits, Tax Exemptions, Refunds, and Related Programs

FY - 98	Youth Opp	Neigh. Asst.				SubTot:ComDev
Credits Authorized - FY 98	$4,663,951	$ 11,299,661				$ 15,963,612
Credits Issued - FY-98	$483,273	$ 10,099,927				$ 10,583,200
Percent credits redeemed of issued - FY 98	87%	103%				102%
Credits Redeemed - FY 98	$ 422,471	$ 10,388,658				$ 10,811,129
Income Modification and/or Refunds						$ -
Total State Cost	**$ 422,471**	**$ 10,388,658**				**$ 10,811,129**
FY - 99	**Youth Opp**	**Neigh. Asst.**	**Trans. Devl.**			**SubTot:ComDev**
Credits Authorized - FY 99	$2,480,892	$ 10,634,494	$ 5,000,000			$ 18,115,386
Credits Issued - FY-99	$2,480,892	$ 10,634,494	$ -			$ 13,115,386
Percent credits redeemed of issued- FY 99	36%	76%				68%
Credits Redeemed - FY 99	$ 896,128	$ 8,063,003	$ -			$ 8,959,131
Income Modification and/or Refunds			$ -			$ -
Total State Cost	**$ 896,128**	**$ 8,063,003**	**$ -**			**$ 8,959,131**
FY -2000	**Youth Opp**	**Neigh. Asst.**	**Trans. Devl.**			**SubTot:ComDev**
Credits Authorized - FY 00	$ 6,000,000	$ 18,000,000	$ 7,700,000			$ 31,700,000
Credits Issued - FY 00	$ 2,889,527	$ 14,000,000	$ 102,214			$ 16,991,741
Percent credits redeemed of issued - FY 00	81%	72%				73%
Credits Redeemed FY 2000	$ 2,350,694	$ 10,101,948	Incl w/ Reb Com			$ 12,452,642
Income Modification and/or Refunds			$ -			$ -
Total State Cost	**$ 2,350,694**	**$ 10,101,948**	Incl w/ Reb Com			**$ 12,452,642**
FY - 2001	**Youth Opp**	**Neigh. Asst.**	**Trans. Devl.**	**Family Dev.**	**Dry Fire Hyd**	**SubTot:ComDev**
Credits Authorized	$ 6,336,072	$ 18,000,000	$ 1,689,636	$ 2,000,000	$ 36,287	$ 28,061,995
Credits Issued	$ 2,763,642	$ 10,247,800	$ 401,877	$ 2,000,000	$ 36,287	$ 15,449,606
Percent credits redeemed of issued	100%					104%
Credits Redeemed	$ 2,752,320	$ 13,217,496	Incl w/ Reb Com	$ -	$ 26,765	$ 15,996,581
Income Modification and/or Refunds						$ -
Total State Cost	**$ 2,752,320**	**$ 13,217,496**	Incl w/ Reb Com	**$ -**	**$ 26,765**	**$ 15,996,581**
FY -2002 Projected	**Youth Opp**	**Neigh. Asst.**	**Trans. Devl.**	**Family Dev.**	**Dry Fire Hyd**	**SubTot:ComDev**
Credits Authorized	$ 6,000,000	$ 15,000,000	$ 7,000,000	$ 2,000,000	$ 113,000	$ 30,113,000
Credits Issued	$ 3,200,000	$ 12,000,000	$ 3,500,000	$ 2,000,000	$ 60,000	$ 20,760,000
Percent credits redeemed of Issued	91%	108%	57%	60%	80%	92%
Credits Redeemed	$ 2,900,000	$ 13,000,000	$ 2,000,000	$ 1,200,000	$ 48,000	$ 19,148,000
Income Modification and/or Refunds						$ -
Total State Cost	**$ 2,900,000**	**$ 13,000,000**	**$ 2,000,000**	**$ 1,200,000**	**$ 48,000**	**$ 19,148,000**

Missouri Department of Economic Development
Tax Credits, Tax Exemptions, Refunds, and Related Programs

FY - 98	**NJ Training**			**SubTot:Trng**	**Affd Hsng**	**Low Inc Hsg**		**SubTot:Housing**	**TOTAL- ALL DED**
Credits Authorized - FY 98	$ 18,708,160			$ 18,708,160	$ 10,000,000	$ 6,704,187		$ 16,704,187	$ 254,997,799
Credits Issued - FY-98	$ 3,550,000			$ 3,550,000	$ 4,468,790	$ 3,281,690		$ 7,750,480	$ 146,948,289
Percent credits redeemed of issued - FY 98	244%			244%	82%	95%		87%	53%
Credits Redeemed - FY 98	$ 8,669,495			$ 8,669,495	$ 3,643,236	$ 3,128,758		$ 6,771,994	$ 78,057,469
Income Modification and/or Refunds				$ -				$ -	$ 7,250,884
Total State Cost	$ 8,669,495			$ 8,669,495	$ 3,643,236	$ 3,128,758		$ 6,771,994	$ 85,308,353
FY - 99	**NJ Training**			**SubTot:Trng**	**Affd Hsng**	**Low Inc Hsg**		**SubTot:Housing**	**TOTAL- ALL DED**
Credits Authorized - FY 99	$ 9,400,000			$ 9,400,000	$ 11,000,000	$ 7,954,914		$ 18,954,914	$ 244,332,549
Credits Issued - FY-99	$ 9,400,000			$ 9,400,000	$ 8,407,263	$ 7,954,914		$ 16,362,177	$ 196,412,541
Percent credits redeemed of issued- FY 99	98%			98%	24%	50%		37%	43%
Credits Redeemed - FY 99	$ 9,190,424			$ 9,190,424	$ 2,049,381	$ 3,942,362		$ 5,991,743	$ 85,148,868
Income Modification and/or Refunds				$ -				$ -	$ 9,879,094
Total State Cost	$ 9,190,424			$ 9,190,424	$ 2,049,381	$ 3,942,362		$ 5,991,743	$ 95,027,962
FY -2000	**NJ Training**	**Skills Dev.**	**Mature Worker**	**SubTot:Trng**	**Affd Hsng**	**Low Inc Hsg**	**Neigh. Pres.**	**SubTot:Housing**	**TOTAL- ALL DED**
Credits Authorized - FY 00	$ 11,015,000			$ 11,015,000	$ 11,000,000	$ 8,080,922	$ 10,000,000	$ 29,080,922	$ 236,861,959
Credits Issued - FY 00	$ 11,015,000			$ 11,015,000	$ 10,968,545	$ 8,080,922	$ 61,072	$ 19,110,539	$ 192,343,448
Percent credits redeemed of issued - FY 00	99%			99%	33%	128%	0%	73%	66%
Credits Redeemed FY 2000	$ 10,888,919			$ 10,888,919	$ 3,608,489	$ 10,353,397	$ -	$ 13,961,886	$ 126,096,715
Income Modification and/or Refunds				$ -				$ -	$ 10,254,084
Total State Cost	$ 10,888,919			$ 10,888,919	$ 3,608,489	$ 10,353,397	$ -	$ 13,961,886	$ 136,350,799
FY - 2001	**NJ Training**	**Skills Dev.**	**Mature Worker**	**SubTot:Trng**	**Affd Hsng**	**Low Inc Hsg**	**Neigh. Pres.**	**SubTot:Housing**	**TOTAL- ALL DED**
Credits Authorized	$ 9,747,121			$ 9,747,121	$ 11,000,000	$ 11,694,857	$ 10,400,000	$ 33,094,857	$ 332,138,012
Credits Issued	$ 6,142,501			$ 6,142,501	$ 9,343,285	$ 11,694,857	$ 1,559,237	$ 22,597,379	$ 220,644,323
Percent credits redeemed of issued	188%			188%	119%	100%	30%	103%	71%
Credits Redeemed	$ 11,542,521			$ 11,542,521	$ 11,080,140	$ 11,747,808	$ 465,024	$ 23,292,972	$ 157,059,857
Income Modification and/or Refunds				$ -				$ -	$ 6,047,496
Total State Cost	$ 11,542,521			$ 11,542,521	$ 11,080,140	$ 11,747,808	$ 465,024	$ 23,292,972	$ 163,064,264
FY -2002 Projected	**NJ Training**	**Skills Dev.**	**Mature Worker**	**SubTot:Trng**	**Affd Hsng**	**Low Inc Hsg**	**Neigh. Pres.**	**SubTot:Housing**	**TOTAL- ALL DED**
Credits Authorized	$ 7,700,000	$ 100,000	$ 100,000	$ 7,900,000	$ 11,000,000	$ 13,092,040	$ 12,000,000	$ 36,092,040	$ 356,627,190
Credits Issued	$ 14,850,000	$ 100,000	$ 100,000	$ 15,050,000	$ 11,000,000	$ 13,092,040	$ 15,000,000	$ 39,092,040	$ 321,880,054
Percent credits redeemed of issued	100%	80%	50%	100%	100%	92%	58%	81%	68%
Credits Redeemed	$ 14,850,000	$ 80,000	$ 50,000	$ 14,980,000	$ 11,000,000	$ 12,000,000	$ 8,700,000	$ 31,700,000	$ 219,804,448
Income Modification and/or Refunds				$ -				$ -	$ 9,815,848
Total State Cost	$ 14,850,000	$ 80,000	$ 50,000	$ 14,980,000	$ 11,000,000	$ 12,000,000	$ 8,700,000	$ 31,700,000	$ 229,620,295

CMS: Authorized DED Program Funding , FY 1998 - FY 2002*

By Program and Selected Cities and Counties

Program Name	Columbia	Kansas City/Jackson County	St. Joseph	St. Louis City/County	Springfield	Rest of Missouri	Missouri
Brownfield *(FY98-FY00 Only)-Remediation*				$ 507,662.00		$ -	$ 507,662.00
Business Facility Credit	$ 5,041.00	$ 368,139.00	$ 9,704.00	$ 359,921.00	$ 146,835.00	$ 1,414,846.00	$ 2,304,486.00
CAPCO							$ 100,000,000.00
Capital (SBIC) [1993 - 1999]							$ 5,000,000.00
Charcoal Producers						$ 295,257.18	$ 295,257.18
Development Tax Credit		$ 850,000.00		$ 500,000.00	$ 66,022.93	$ 1,519,545.86	$ 2,935,568.79
Distressed Communities-CAPCO							$ 40,000,000.00
Distressed Communities-Capital (SBIC) [2000]							$ 8,000,000.00
Distressed Communities-Seed Capital [2000 - 2001]	$ 1,838.00	$ 1,740.00		$ 116,078.00			$ 4,000,000.00
Dry Fire Hydrants		$ 6,880.57				$ 34,406.70	$ 41,287.27
Enterpise Zone	$ 218,554.00	$ 1,637,168.00	$ 632,284.00	$ 8,245,104.00	$ 937,905.00	$ 10,633,622.00	$ 22,304,637.00
Family Development Account				$ 1,060,000.00		$ 1,000,000.00	$ 2,060,000.00
Film Production				$ 80,000.00		$ 1,050,197.20	$ 1,130,197.20
Guarantee Fee						$ -	
Historic Preservation		$ 1,590,147.75	$ 31,398.60	$ 15,286,492.04	$ 73,584.34	$ 1,102,530.32	$ 18,084,153.05
Life Science [1998 - 2002]				$ 1,781,000.00			$ 3,900,000.00
Mutual Investment Fund		$ 1,287,945.00		$ 1,287,945.00		$ -	$ 2,575,890.00
Neighborhood Assistance Program	$ 2,399,654.00	$ 9,353,831.00	$ 469,360.00	$ 20,822,692.50		$ 40,284,092.90	$ 73,329,630.40
Neighborhood Preservation		$ 159,487.74	$ 7,182.36	$ 1,139,986.47		$ 416,030.38	$ 1,722,686.95
New Enterprise Creation	$ 131,250.00	$ 41,875.00		$ 2,351,875.00		$ 448,750.00	$ 2,973,750.00
Rebuilding Communities-1.5% Employee				$ 47,803.05		$ -	$ 47,803.05
Rebuilding Communities-25% Ext Business		$ 16,673.22	$ 61,247.60	$ 635,879.88	$ 23,069.89	$ 109,731.41	$ 846,602.00
Rebuilding Communities-40% Income		$ 125,000.00		$ 9,454.40		$ -	$ 134,454.40
Rebuilding Communities-40% Specialized Equip		$ 7,246.07		$ 1,591,471.40		$ 298,678.54	$ 1,897,396.01
Research Expense	$ 8,490,588.00	$ 31,685,029.46	$ 274,524.00	$ 79,718,677.39	$ 564,932.99	$ 20,888,160.10	$ 141,621,911.94
Seed Capital [1989 - 1999]							$ 5,000,000.00
Small Business Incubator		$ 273,820.00		$ 573,820.00		$ -	$ 847,640.00
Transportation Investment Credit - Community				$ 230.37		$ -	$ 230.37
Transportation Investment Credit - Business				$ 5,303,178.00		$ -	$ 5,303,178.00
Urban Enterprise Loan		$ 1,735,250.00		$ 2,990,743.00		$ (4,725,993.00)	
Wine & Grape Credit	$ 11,027.62	$ 181,702.30	$ 394.25	$ 1,156,752.95	$ 13,083.45	$ 1,704,140.78	$ 3,067,101.35
Youth Opportunity Program	$ 932,463.00	$ 3,371,721.00	$ 42,900.00	$ 8,991,400.51	$ 701,423.50	$ 6,291,923.65	$ 20,331,831.66
TOTAL → Total for above listed programs:	$12,190,415.62	$ 52,693,656.11	$ 1,528,994.81	$ 154,558,166.96	$ 2,526,857.10	$ 82,765,920.02	$ 470,263,354.62
NOTES:							
*Does not include CDBG, MDFB, MHDC, workforce							
* These are Authorized tax credits, see attached							
for redeemed totals and definitions.							
*Data collected on: 11/15/2001							
*Prepared by: Dayton Shepherd, CIT III, DED/MIS							

APPENDIX E

Written Testimony Provided
to the Committee by

Mr. Joseph Egan
Director of Housing
Economic Development Corporation of
Kansas City, MO

Remarks: House Interim Comm. on Urban Conservation & Restoration
Thursday, November 15, 2001

Good afternoon. My name is Joseph Egan; I'm Director of Housing for the Economic Development Corporation of Kansas City.
Thank you for the opportunity to speak before you today.
My brief comments deal with continuing the State support of development incentives with a particular emphasis on urban core housing.

Like many older urban areas throughout the country, Kansas City's urban core lost population and businesses during the 50's, 60's and 70's. And while retail businesses continued leaving through the 80's, that decade witnessed a resurgence in downtown housing. With the development of mixed income housing in Quality Hill and the conversion of old warehouses to loft apartments in River Market, Kansas City joined many American cities in a renaissance of downtown living.
In the decade and a half since those first efforts, 1375 new and converted units have been produced. Of particular note, since the passage of the Missouri Historic Tax Credit, 514 of those units were historic conversions between 1998-2000. Since Mayor Barnes announced her River-Crown-Plaza initiative- 10,000 housing units in 10 years- late last year, we have witnessed nearly 950 units completed or under construction and another 1100 plus under contract. The vast majority of these units rely on state and federal tax credits to generate equity so critical in making the development feasible.
However, even with this significant activity, we are far short of an urban core population that is needed to bring retail and entertainment venues back to downtown. We still have too many vacant buildings, vacant storefronts and vacant land inhabited by parking lots giving a "ghost town" appearance in the evenings and the weekends. This "blight" is stifling the development of businesses that can generate critical revenue for Kansas City and the State of Missouri. To conserve and restore our urban core the momentum must be maintained.

As noted above, the introduction of a state historic tax credit in 1997, ratcheted up urban housing production significantly. The retention of this incentive is critical in continuing the rehabilitation of our historic built environment into housing. There are two key aspects of the

historic tax credit that have made it so successful: the credit is not capped- hence guaranteeing to the developer that it will be there; and the credit is transferable- assuring a ready market. These features must remain.

In addition to the Historic Tax Credit, the Neighborhood Preservation Act Tax Credit, which is specifically directed at distressed communities and neighborhoods, has the potential to stimulate reinvestment where other incentives have had little or no impact. However, to date this potential has not been fully realized. To realize this potential, Kansas City, St. Louis City and St. Louis County have concurred on the following recommended changes:
-Changes to "distressed communities" definition: Expand the definition of a distressed community to include areas that qualify as either a federal empowerment zone, a federal enhanced enterprise community or a state enterprise zone formed prior to 1986.
-Simplify the application process: Multiple unit projects, whether attached units (Condo/Townhome) or detached, single family in-fill subdivisions, can submit one application
-Increase New Construction Credit from 15% to 20%: This will facilitate the development of in-fill, affordable new construction by neighborhood based Community Development Corporations and their builder partners.

In conclusion, the budget challenges facing state government in these difficult economic times are daunting. There are no quick fixes or easy answers. However, there is we all do know- this too will pass; and when it does, where will Missouri be in relation to its neighbors. I'm reminded of the story of Bill Rogers-four time winner of the Boston Marathon several years ago. Bill lived and trained in Newton, Massachusetts, a town along the marathon route and home of the infamous "Heartbreak Hill"- a one-mile long hill at mile 20 that slowed down or eliminated many a runner. Bill Rogers winning strategy was to sprint Heartbreak Hill- thereby leaving his competition in the dust. The current economic downturn is a "Heartbreak Hill" to those of you "Running" state government. However, if you use whatever economic energy you can muster- and sprint the hill, Missouri may find itself well ahead of the pack when the economy turns around.

Thank you again. I will be happy to answer any questions.

APPENDIX F

Written Testimony Provided
to the Committee by

Ms. Barbara Enneking
Vice President for Development
The Center For Emerging Technologies

Interim Committee on Urban Conservation

November 8, 2001

Center for Emerging Technologies
4041 Forest Park Avenue
St. Louis, Missouri 63108
(314) 615-6900

Barbara Enneking, Vice President for Development

The Center for Emerging Technologies (CET), one of the State of Missouri's four innovation centers, is a not-for-profit organization that operates an incubator for advanced technology start-up companies located on Forest Park Avenue between the Saint Louis University main campus and the BJC Medical Center/Washington University Medical School in the City of St. Louis. The ten tenant companies that are located at CET are primarily biotech or biomedical device oriented.

The original CET facility, Building I, 42,000 square feet, was the result of an $8 million project that included a federal Economic Development Administration grant of $3.4 million, $2 million in Missouri Finance Board Tax Credits, St. Louis City Block Grant monies of $1 million and a $250,000 Housing & Urban Development grant.

Due to the rapid lease-up of Building I in just over one year it became apparent that additional space was required in order to meet the needs of the expanding tenant companies. Therefore the CET undertook the rehabilitation of the historic Dorris Motor Car Company Building located next door as Building II.

Opening in August, 2001, Building II, 50,000 square feet and its adjacent parking , was an $8 million project that included both federal and state historic tax credits, $1 million and $1.2 respectively, TIF of $1 million, Danforth Foundation loan of $1 million, $100,000 in Brownfield tax credits, federal Economic Development Administration grant of $520,000 and Incubator Tax Credits of $300,000. Because of this increased space CET will be able to accommodate at least 3 - 5 additional new tenant companies.

This new investment in CET facilities alone to Missouri and City of St. Louis is nearly $16 million.

The attraction of new wealth to the State has been the most important measure of the economic success to date for the CET. Tenant companies have raised

through venture capital (most of it coming from outside Missouri), grant and contracts of nearly $230 million. Over $150 million has been raised by current tenant companies and an additional $80 million by CET's first "graduate" company that has since expanded into its own facilities in the metro area with 40,000 square feet of space.

CET Building I at the end of this fiscal year, ending June 30, 2001, housed 93 new full-time jobs and 9 part-time with an average annual salary of $60,000 - $65,000, generating over $6 million in payroll per year. The new Building II is expected to produce 140 new jobs with at least similar salaries.

Therefore State of Missouri investment of approximately $3.6 million (over 5 years) in the CET enterprise has generated for the State a minimum of $230 million in new investment creating terrific leveraging of nearly 65-fold.

The State of Missouri can continue to support this effort by providing assistance in three critical areas: appropriate Facilities, Incentives and Venture aCpital.

Facilities

CET is moving ahead with Technopolis St. Louis, a strategy to create an urban research park in the area located between Saint Louis University (main campus) and Washington University Medical School for advanced technology companies. It will involve rehabilitation of some structures, hence the continued need for Historic and Brownfield Tax Credits but also new construction. Therefore the issue of land assembly is critical for this important development to take place.

Companies that graduate from CET must have suitable facilities available for them. Leasable laboratory space is a scarcity in the metropolitan area. The RCGA recently commissioned a study by Development Strategies to assess the current space available and the potential demand. The metropolitan area has at most 250,000 square feet of leasable laboratory space but has a potential market for at least 1 - 2 million square feet over the next 2-3 years. In addition, in order to compete with other cities with emerging biotech industries the St. Louis area needs to provide at least 4 -5 million square feet of leasable lab space.

Land assembly is key if this development is to take place in the City of St. Louis. Passed last year, HB 133 establishing the "Contiguous Property Redevelopment Fund" which provides grants for land assembly for redevelopment was a good first step. However this Fund needs to be funded quickly and adequately. Critical sites must be acquired speedily and soon. We have already seen how land speculation has slowed the redevelopment efforts on Washington Avenue in the City and a protracted land assembly effort in key

areas would only unnecessarily increase prices and therefore the cost for redevelopment.

If appropriate sites in the Technopolis could be acquired and cleared over the next two years this effort could easily generate $150 - $200 million in new real estate development. An investment of $20 million by the State for land assembly could provide these results.

Incentives

Brownfield Tax Credits - Expand the utilization of Brownfield Tax Credits to include not only abandoned or severely under-utilized properties but also those that are economically underutilized. Many potential properties in the Technopolis are being used but uneconomically. For instance the CET Building II, was minimally used as a warehouse facility with only 3 jobs. Now it will house 140 jobs that will launch new industries for the future.

Low-interest loans - With a consortium of banks and other financial institutions the State could establish a revolving loan fund to provide low interest loans for developers as an incentive to construct specialized research or production facilities (but not for academic use.) A special designation could earmark a part of the fund for distresseed communities.

Loan guarantees - Startup companies are high-risk tenants, but in new fledgling industries such as biotech they are an even a greater risk and therefore not credit-worthy tenants. But if the State could provide loan guarantees to banks then lenders would be more receptive to developers providing the needed facilities and also lenders would give better rates and terms.

Expand R&D Tax Credit - As it currently written the credit is only available for R&D spending after 3 years and on the increment above the base level. This does not really help start-up companies. The fact that the credit is now transferable is a good start but the percentage of credit should be higher for start-ups and not on an increment above a base level. An even higher percentage of credit could be available for companies located in distressed communities.

Venture Capital

Start-up companies in the biotech fields have longer development time before they have a product on the market or realize revenues because of all the safety and testing approvals that are necessary. Therefore venture capital is critical.

Missouri had two very successful programs: the Capital Tax Credit and the Seed Capital Tax Credit Funds. However these funds exhausted their funding. These past two years there has been a major effort to get these programs funded annually with overwhelming bi-partisan support. However the legislation keeps getting caught up with other non-related issues and does not pass. These programs work well in providing needed economic development support and deserve to be funded.

APPENDIX G

Written Testimony Provided
to the Committee by

Mr. Jim Farrell
Senior Vice-President of
Government & Legislative Affairs
St. Louis Regional Chamber & Growth
Association

RCGA
ST. LOUIS REGIONAL CHAMBER
GROWTH ASSOCIATION

Testimony to Interim Committee on Urban Conservation and Restoration - November 8, 2001

TO: Chairman Derio Gambaro and Representative John Bowman

- Good Afternoon. My name is Jim Farrell. I am the Senior Vice-President of Government and Legislative Affairs for the St. Louis Regional Chamber & Growth Association, a 4,000+member business organization representing six Missouri counties and the City of St. Louis. I greatly appreciate this opportunity to present brief comments regarding the purpose, use and administration of state tax credits.
- An effective and efficient system is the key. Issuance of tax credits should be the result of public policy achieved or return on investment. As this Committee reviews the tax credit programs, this should be the critical "means test" on whether the program should be eliminated, modified or enhanced. Tax credits, as a tool to entice and leverage public-private sector investment, must achieve their intended goal. If the goal for each of the tax credit programs is clear, then your

ONE
METROPOLITAN
SQUARE

SUITE
1300

SAINT LOUIS
MISSOURI
63102

314.231.5555

314.444.1122

http://www.stlrcga.org

task is easy. Credits that achieve desired results must be preserved and enhanced. Those that do not must be modified or eliminated.

- For St. Louis and many communities throughout the State, we believe that tax credits are an investment by Missouri taxpayers in their own future. The St. Louis experience in the last few years is a shining example of the power of tax credits to achieve their intended goal. The list of recent projects utilizing "taxpayer investments" is a testament to the value and success of tax credits. This list includes Mastercard Global Operations Center, WorldCom's regional headquarters, the Drury Inn (formerly the International Fur Exchange Building) the Westin Hotel at Cupples Station, Unigraphic Solutions new administrative operations center, the beautiful Chase Park Plaza Hotel, the Highlands @ Forest Park office development, the inter-city industrial park known as St. Louis Commerce Center and the Convention Center Hotel complex. Development Strategies, a widely respected economic development consultancy, was commissioned by the RCCA to perform an independent review of the Barents Group's study of Missouri's tax credit system. In a study of 10 tax credit programs (New or Expanding Business Facilities, Enterprise Zones, Brownfields Remediation, Research and Development, Missouri Build, Historic Preservation, Certified Capital Companies Program, Neighborhood Assistance Program, Community College New Jobs Training, and the Infrastructure Development Fund) Development Strategies found that each dollar of foregone spending due to the issuance of credits resulted in a twelve dollar and eighty cent increase in personal income. Development Strategies also reported that for every million

dollars of foregone revenue due to tax credits, an average of 95.5 new jobs were created in the state.

- Historic renovation and brownfield tax credits have been one of the most successful redevelopment tools and have brought hundreds of millions of dollars of private investment towards the redevelopment of vacant and contaminated sites in our region. Brownfield tax credits used in enterprise zones have brought 24 dollars of private investment for each dollar of public investment. Historic tax credits are used throughout Missouri's cities and towns and must be maintained and enhanced. Historic tax credits are essential to the $1.2 billion Downtown Now! redevelopment plan and has given rise to 20 downtown projects and over $600 million in private investment.
- Another example from our region comes from the headquarters and one of the world's largest single metal fabrication centers at GKN North America in Hazelwood. The State of Missouri invested $2.5 million worth of Missouri Build tax credits in the project. Assuming a Bond rate of the 7%, the cost to the state over 15 year life of the bonds is roughly 4.1 million dollars. At the same time, GKN retained more than 1100 highly paid Boeing employees, and committed to add 300 more jobs in the next three years. Based upon the average St. Louis wage rate for the manufacture of transportation goods, the income tax revenue generated just from the additional 300 jobs more than pays for the $4.1 million of bond issuance. In fact, over the 15-year life of the bonds, the net present value of the state income tax on these 300 new jobs – excluding the 1100 retained wage earners -- exceeds the cost of the Missouri Build credits by over $7 million. This

estimate does not even include any other state tax revenue generated. As you can see, these credits achieved their goal with a very high rate of return on their investment.

- We all realize that St. Louis is the primary economic engine for the State of Missouri. Our region supplies 37% of the state's total employment. It contributes 44% of total personal income in the State of Missouri's tax revenues. It goes with out saying that the economic success of the entire state is directly tied to the economic vitality of St. Louis. We believe that state tax credits are one of the primary fuels that keep our engine running.
- Tax credits are an important and essential tool in helping the St. Louis area reach it's economic potential. They are desirable because they foster economic development in a market-oriented way. The credits lower the effective costs of desirable developments that produce positive benefits, rather than mandating activities that aren't commercially viable.
- In closing, the St. Louis Regional Chamber & Growth Association is committed to the economic growth and vitality of the St. Louis region. We look forward to a continued dialogue and cooperation with the State is producing the effective and efficient system that I mentioned earlier in my statement.

APPENDIX H

Written Testimony Provided
to the Committee by

Ms. Barbara A. Geisman
Executive Director for Development
Mayor's Office
City of St. Louis

REMARKS
FOR
HOUSE INTERIM COMMITTEE
ON
URBAN CONSERVATION & RESTORATION
THURSDAY, NOVEMBER 8, 2001

PRESENTED BY:
BARBARA A. GEISMAN
EXECUTIVE DIRECTOR FOR DEVELOPMENT
MAYOR'S OFFICE
CITY OF ST. LOUIS

INTRODUCTION

- Honorable Committee Members. Thank you VERY much for this opportunity to speak with you about the problems associated with distressed urban areas and our ideas for a revitalization plan for the City of St. Louis.
- My name is Barbara Geisman, and I'm Mayor Slay's Executive Director for Development in the City of St. Louis.
- Mayor Slay's preeminent goal is to make St. Louis a great city again.
- As Mayor Slay has said many times, we are committed to working with all of you to make our city and our region great. If we all work together, the sky is the limit on what we can accomplish.
- We all know that Missouri's older industrial cities—St. Louis and Kansas City—are critical parts of their regions—and that these regions are critical parts of state's economy—31 of the state's 37 largest non-governmental employers make their homes in either the St. Louis or the Kansas City regions—13—over one/third—in St. Louis city alone.
- While many parts of our city are already great, it is obvious that we still have a lot of problems. I'd like to take this opportunity to outline what we believe are the most serious problems that prevent us from reaching our full potential and being competitive with other parts of the region and state.

CITY PROBLEMS

- The City of St. Louis has one dominant economic goal: to make the market for St. Louis real estate self-sufficient.
- We will have achieved success when people and businesses are willing to view our distressed community as a location of choice.
- Until self-sufficiency is achieved, we will continue to need incentives to offset the market disadvantages we suffer.
- These market disadvantages include:
    - environmentally damaged property;
    - perceived lack of desirability; and
    - the lack of large, assembled tracts of land that both businesses and homebuilders need. Much of our city is divided into city blocks, and these blocks are divided into 25-foot parcels. Although the City may own a majority of the parcels on a block, the block cannot be developed as a factory or a new residential neighborhood until the rest of the parcels are acquired.
- We can't overcome these disadvantages by ourselves—in 1990, the average city household had an income of $20,000 or less. Obviously, we cannot burden these households with more taxes to provide incentives for development.
- In many parts of the city, we are beginning to overcome these real and perceived disadvantages—in large part due to assistance provided by the State of Missouri and in some cases the Federal government.
- Mayor Slay is working hard to change negative attitudes about our city—within our city, within our region, and throughout the state.
- But until we reach the critical masses that fully overcome these real and perceived disadvantages, we will continue to need the help of federal and state governments to make progress toward our goals.

CITY OPPORTUNITIES

- While we have a lot of problems, we also have opportunities. These opportunities include the following:
    - Large numbers of land parcels that, if put together with privately owned properties around assembled, can become homes for businesses and people;

  - A growing number of businesses that want city locations;
  - A growing number of homebuilders who want to develop in our city;
  - A growing number of retail developers who see the city as an opportunity;
  - A concerned and committed corporate community that wants the city to succeed. The Inner City Competitiveness Initiative sponsored by Civic Progress and the interest of the Regional Business Council are evidence of this commitment and concern.

- The fact that you are here today to listen to us is also a major opportunity.
- We've begun to make significant progress in many areas of our city.
- This progress is due in large part to your actions as legislators, and we sincerely thank you for your help and for being here today.

CITY INITIATIVES

- One of the charges of this committee is to propose a revitalization plan to the Missouri House of Representatives. I'd like to take this opportunity to tell you about some of the things we are doing as a city to mount a coordinated revitalization effort.
- **PLANNING:**
  - Land use plan for entire City;
  - Plans for every neighborhood.
  - Let people know what we want and where we want it so developers are not confused.
  - Identify target sites for concentrated land assembly in preparation for large-scale business and residential development.
- **BUSINESS ATTRACTION AND RETENTION**
  - Site specialist
  - CIBL initiative
  - Marketing campaign
  - Contact management
  - Retail marketing and strategies

- **HOUSING DEVELOPMENT**
  - Target and concentrate development
  - Raise market values to eliminate need for incentives
- **PROSECUTE PROBLEM PROPERTY OWNERS**
  - Cause further deterioration of neighborhoods
  - Costly to buy out
  - Need to make problem owners recognize that their properties are liabilities—not high-dollar assets
- **RESOURCE ATTRACTION AND MANAGEMENT**
  - Expand resource availability—state, federal and private
  - Use existing resources wisely—match projects and resource types, use non-city resources where possible

HOW MISSOURI CAN HELP:

- As I said earlier, Missouri has already helped us in a lot of ways.
- As you enter into the 2002 legislative session, we ask that you help us with two things:
  - Keeping the incentives we have that have been successful in helping us revitalize our city; and
  - Developing new incentives that will help us assemble land so that the City and the private sector can be effective partners in large-scale development.
- Specifically, these incentives are the following:

HISTORIC TAX CREDIT PROGRAM

- The following are just a few of the developments that would not be possible without state historic tax credits: our convention hotel; the Cupples development; the new Sheraton Hotel and Condos; the revitalization of the Old Post Office District and the revitalization of Washington Avenue.
- Most important, historic tax credits are helping to rebuild neighborhoods throughout the city of St. Louis and in towns and cities across the state.
- A couple of very important features make Missouri's tax credit program phenomenally effective in stimulating historic rehabilitation:
  - First, the credits are transferable.

  - Second, the credits are not capped.

- This means a developer can count on the credits being available when he or she completes a development—and can count on being able to sell the credits to a taxpayer who can use them.
- With the significant amount of front-end work and expense that goes into each unique historic rehabilitation, these features are essential to the program's success.
- Historic buildings are an irreplaceable resource—not just for historic preservation advocates but for the health of our city and state economies.
- New generations of workers and residents WANT to live in unique, urban environments—and much of the uniqueness they seek lies in our historic buildings.
- Unless we are able to provide quality unique environments, rich with history and teeming with diversity, we won't be able to attract or keep the kinds of workers the businesses in our region need to succeed.
- A couple of events evidence the need for this assistance.
- When federal law removed much of the incentive for historic rehabilitation, historic rehabilitation in our state dropped almost to nothing.
- On the other hand, when Missouri enacted the state historic preservation tax credit, historic rehabilitation jumped dramatically—and has continually increased as confidence in this incentive has grown.
- This is great for St. Louis, great for Kansas City, and great for every town in Missouri that has historic buildings—for everyone who has a job in the construction industry—and for everyone who wants to live or work in a part of our history.
- And this is great for Missouri—historic rehabilitation creates jobs, revenues and the vibrant central city that will attract businesses and people to our region and state.
- A Rutgers University study about to be released documents a 4/1 return for the state on every dollar invested in a historic development.
- We need your help to keep this incentive effective. That means transferable and uncapped.
- And we also need your help in preserving the Missouri Development Finance Board contribution credits that have helped us produce unique attractions like the City Museum—and that will help with new critical initiatives like the Old Post Office District.

BROWNFIELDS PROGRAM

- The vast majority of the City's land and buildings have environmental issues—things like asbestos floor tiles and leaking underground storage tanks. Many of these properties were abandoned long ago, so it is virtually impossible in most cases to "pin" the bill for environmental clean-up on any private party.
- The Brownfields program has been a tremendous help by offsetting the extra costs associated with cleaning up these environmental problems. Without this assistance, city property cannot compete with suburban "greenfields" where the environmental cleanup is not a factor.
- We need your help to keep the Brownfields program in place. And it would be great if the infrastructure fund associated with the program could be replenished.

In the area of new incentives, we ask that you consider ways to help the City of St. Louis and other distressed communities in the state with **LAND ASSEMBLY FUNDING.**

- Last year, you all passed a "Contiguous Property Redevelopment Act." This act created a fund that cities like St. Louis could use to "fill in the gaps" between small parcels of publicly owned property to create sites attractive to developers and businesses.
- That was the great news. The bad news was that no money was appropriated for the fund.
- The lack of large-scale sites is a big roadblock in the path of city revitalization.
- Koman Properties is almost ready to start building a shopping plaza at Dr. Martin Luther King Drive and Grand Avenue—where there has been no activity for the past five decades. Assembling this site took Koman almost four years.
- Sigma-Aldrich Chemical, Saint Louis University and Harris Stowe State College are in the midst of producing modern, attractive, job-generating facilities on what was once the failed Laclede Towne site. The activity in this area demonstrates what can be done if large tracts of land are available.
- We could have a number of similar developments—as well as factory developments and new subdivisions—going up all over the city. But most developers have neither the capital nor the patience to spend assembling big enough sites for developments like these—particularly when they can go to other parts of the region and buy twenty acres or more in one fell swoop.
- Funding for the Contiguous Property Redevelopment Fund would be a big step forward for economic development in the City of St. Louis—and the more funding the better.

CLOSING:

- We know Missouri is experiencing budget problems. So are our cities.
- But we can't afford to let short-term crisis keep us from long-term success.
- We have to invest in our future to rise above current crises and prepare for tomorrow—with new businesses, with new jobs, and with new and rehabilitated homes for tomorrow's workers.
- No individual local government can address the problems of Missouri's older urban areas on its own.
- To address these problems, we need partnerships—partnerships among local governments, within and among regional governments, and between these governments and our great State of Missouri.
- We need partnerships between our governments and the private sector—private business, private philanthropies, and private individuals who, with their investments in our state's distressed communities, can make the City of St. Louis and Missouri great.
- The progressive programs you as legislators have enacted have helped us tremendously in forming these types of partnerships—and it has been proven that these partnerships work. They improve our urban environment, create jobs and tax revenues, and save irreplaceable parts of our heritage.
- Mayor Slay is working hard to make St. Louis a great city again; you all are working hard with us. On behalf of Mayor Slay, let me close by saying that we look forward to working with you, with the Governor, and with everyone across the state to make Missouri financially strong and keep Missouri growing—for our citizens of today and for our citizens of the future.
- The City of St. Louis is eager to work with you on plans for improving our ability to revitalize our city, preserving and rebuilding our communities. Please call on us as you develop your plans.
- Thank you for listening, and thank you for all of your help—in the past and in the future. It's great to have people like you in our legislature.

APPENDIX I

Written Testimony Provided
to the Committee by

Mr. Gary Sage
Senior Vice President
Economic Development Corporation of
Kansas City, MO

Gary Sage—Senior V.P.—Econ. Dev. Corp. of KCMO
Remarks For
House Interim Committee On Urban Conservation
Nov. 15, 2001—Bruce Watkins Cultural Center

Thank you for the opportunity to review urban economic development issues from a state perspective.

The Missouri Department of Economic Development has been an important partner for Kansas City, Missouri in our efforts to retain and attract businesses. Increasingly, DED has also become an increasingly important partner in redevelopment efforts as well.

Historically, programs such as the joint city/state enterprise zone and training programs have been major contributors to aiding Kansas City businesses.

Recently, the City has benefited from state programs such as the Missouri Development Finance Board's tax credit for contribution program to aid in Union Station's rehab; the Missouri Brownfield program for the cleanup of a major fire site in the West Bottoms; and state supplemental TIF for the midtown project as aids to the City's redevelopment efforts.

While these programs have been of great aid, Kansas City faces a number of challenges that are still insufficiently addressed by state incentives. Let me provide a brief summary.

Number one, the state's incentives currently provide insufficient attention to the retention of businesses. This is a particularly painful problem for Kansas City, Missouri due to our major competition literally being a half block on the other side of the state line. We have repeatedly learned that retaining an existing customer is a bottom line of doing business for our city. While I understand the state's reluctance to provide incentives for a business that doesn't need incentives, I believe that if a firm is making a major real estate relocation it should be seen as a business deserving incentives if Kansas City and the state are going to lose the business. We cannot continue to be an incubator for growth businesses that migrate to Kansas, partially due to incentives based on all new jobs and investment to Kansas.

Secondly, urban areas generally have higher costs associated with them than suburban, green field sites. Luckily, Kansas City has greenfield sites in the north and the south. However, we need to recognize that the conservation of our urban core (for St. Louis, Springfield, and Kansas City) is vital for our major cities. Suburban areas cannot continue to thrive if the urban core deteriorates. A number of newer state programs (such as brownfields) recognize these urban core problems. However, we need these programs funded at higher levels to allow us to address these types of issues at a more aggressive pace.

Third, we need to realize the distribution of incentive benefits across the state has become an issue for Kansas City. Our experience with the Distressed Community criteria, and the seven state programs it controls, has forced Kansas City to become more critical of state programs. We believe this issue will be resolved by the legislation that was introduced in the last legislative session, but I'd like do a quick bit of educating on the problem.

The Distressed Community Criteria is not the same for St. Louis as it is for KCMO. All of St. Louis is a Distressed Community, due to a criteria based solely of 70% of the City of St. Louis being below median family income for the metro. Large sections of KCMO don't qualify by these standards. In KCMO, the income qualification is attached to a minimum of 2,500 population at the block group level for the block group or contiguous block groups. ~~to qualify.~~ Unfortunately, many of the commercial and industrial areas of KCMO have virtually no population ~~problem~~. When you combine this with 6 or 7 programs under the Distressed Community criteria applying to businesses, you've effectively excluded large areas of application of these programs. Bottom line, over 85% of the program benefits have accrued to City of St. Louis. This has to be changed, and we expect that it will be addressed early in the legislative session for 2002.

Last, the context for my remarks today is at a point of economic downturn. The fiscal problems anticipated by the state have generated a call for a reexamination of all state tax credit programs. While this examination can prove helpful in rededicating our efforts, I want to emphasize that now is not the time to restrict a business stimulus. Our constituents need jobs. The state needs to continue to be a major partner with our major cities in stimulating growth. We need to look at the fiscal impact of each program, and the geographic distribution, to make sound decisions on which programs should be supported.

Let me close with a final call for our three major cities (Kansas City, St. Louis, and Springfield) to come together to examine urban needs in relation to state programs. Historically, we have each taken our separate agendas to the state.

I'd suggest that we sit down and craft a joint economic needs statement to address urban issues as it relates to common challenges. I look forward to this joint endeavor, and pledge our support.

Distressed Community Dollars
Economic Development Corporation - KC Comparison

Program	Kansas City	% of Total	St. Louis	% of Total	St. Louis County	% of Total	Out State	% of Total	Total
Seed Capital Tax Credits ①	$ -	0%	$ 2,695,726	67%	$ -	0%	$ 1,304,275	33%	$ 4,000,000
Capital Tax Credits ①	$ 135,000	2%	$ 3,988,874	63%	$ -	0%	$ 2,161,919	34%	$ 6,285,793
Rebuilding Communities ①	$ 10,031	0%	$ 1,707,362	81%	$ 819	0%	$ 387,875	18%	$ 2,106,085
Transportation Tax Credits ①	$ -	0%	$ 10,351,589	100%	$ -	0%	$ -	0%	$ 10,351,589
Build Missouri ①	$ -	NA	$ -	NA	$ -	NA	$ -	NA	$ -
Neighborhood Preservation Tax Credits ①	$ 166,999	12%	$ 1,145,492	82%	$ 8,451	1%	$ 69,306	5%	$ 1,390,248
CAPCO ①	$ 732,182	6%	$ 10,290,941	91%	$ -	0%	$ 320,000	3%	$ 11,343,123
Total	$ 1,044,212	3%	$ 30,179,983	85%	$ 9,270	0%	$ 4,243,374	12%	$ 35,476,838

Footnotes

① Program totals to date supplied by Missouri DED to the Honorable Mayor Barnes July 9, 2001.

Notes
Information requested but not supplied for Business Facility Tax Credits.

PROVIDED BY GARY SAGE

APPENDIX J

Written Testimony Provided
to the Committee by

Mr. Peter G. Sortino
President
St. Louis 2004

St. Louis 2004
211 N. Broadway, Suite 1280
One Metropolitan Square
St. Louis, MO 63102

Phone 314-436-2004
Fax 314-436-0840

2004

November 20, 2001

The Honorable Derio L. Gambaro
Chairman, House Interim Committee on Urban Conservation and Restoration
201 West Capitol Avenue
Room 236B
Jefferson City, Missouri 65101

Dear Representative Gambaro,

St. Louis 2004 recognizes the need to revitalize and restore our state's urban areas just as we have conservation policies in place to preserve open space and natural wildlife habitat. For this reason, St. Louis 2004 supports the preservation of tax credits programs enacted to stimulate economic development in urban areas. St. Louis 2004 also supports a general appropriation to the Contiguous Properties Redevelopment Fund for land assembly and site preparation of underutilized or vacant property for new industrial and commercial development.

St. Louis 2004 is a catalyst for revitalization in the St. Louis region by bringing people, organizations and resources together to make the region a better place to live and work. Throughout 1996 and 1997, we held community forums across the St. Louis region so residents could share and prioritize their strategies for revitalizing St. Louis. In 1998, we announced an Action Plan for revitalizing our region that included 13 initiatives identified as priorities by the citizens of St. Louis. Three of those initiatives directly address urban conservation and restoration:

- The Sustainable Neighborhoods Initiative
- The revitalization of Downtown St. Louis
- The establishment of the Greater St. Louis Land Development Fund

Each of these initiatives is implemented at the local level, and the state has significantly contributed to their success through economic development incentives.

The Sustainable Neighborhoods Initiative empowers residents in nine St. Louis area neighborhood clusters to direct the revitalization of their own neighborhoods by addressing physical development, infrastructure improvements, human service support and community-based economic development. Tax credits offered through the Neighborhood Preservation Act and the Neighborhood Assistance Program have assisted these neighborhoods in implementing their revitalization plans.

The goal of Downtown revitalization is to create a vibrant Downtown St. Louis that can attract new businesses, residents and young people who will be energized about moving here to work and start new families. Since 1998, real progress has been made Examples include:

- The redevelopment of Cupples Station into a Westin Hotel and office and commercial space by McCormick Baron and Associates.

- The newly opened, 288-room Sheraton St. Louis City Center and Breckenridge Condominiums in the Edison Brothers Warehouse developed by Breckenridge Companies.

- The renovation of the Gateway Statler and Lenox buildings by Historic Restoration, Inc. as part of the 1,081-room Convention Center Hotel.

- The revitalization of the vibrant Washington Avenue Loft District in Downtown St. Louis made possible by the rehabbing old warehouses in the former garment district.

The State of Missouri has contributed significantly to this progress through tax credit programs such as the Historic Rehabilitation Tax Credit Program and the Brownfield Redevelopment Program. Without the tax credit programs to offset clean-up and redevelopment costs of these often vacant structures, the overall cost of returning them to productive use would be prohibitive to many developers. These tax credit programs have fostered redevelopment projects in Downtown St. Louis, allowing many of the out-dated and empty structures to better contribute to the economy of the region and the State by generating additional jobs and tax revenue.

The Greater St. Louis Land Development Fund has been established to provide long-term capital at below-market interest rates for large-scale land assembly/redevelopment projects in distressed areas enabling acquisition and clean-up of strategic parcels of land. The goal of the Fund is to make it easier for industrial and commercial developers to locate facilities in areas that have lost residents and jobs and therefore, stimulate development and job creation on a scale large enough to stem the tide of disinvestment. The Fund will loan capital to public/private partnerships for assembling and improving parcels of vacant and/or underutilized land and make them available to responsible users.

Private capital has been secured for the Greater St. Louis Land Development Fund and focus areas have been identified. In December 2000, the Missouri Department of Economic Development allocated $3 million in 50 percent Community Bank Tax Credits to the investors of the Land Development Fund. These tax credits will leverage $6 million in capital from Firstar Bank and bank of America for land assembly projects. The Fund's initial focus will be on projects in the North Riverfront area in the City of St. Louis and in the City of Wellston in St. Louis County.

Earlier this year, with your support, the Missouri General Assembly passed HB 133, which established the Contiguous Properties Redevelopment Fund under the Department of Economic Development. The Fund has been created to provide grants to specific local governments across the State of Missouri, including the St. Louis City and County, for assembly and initial redevelopment of contiguous properties. However, the General Assembly did not make an appropriation to the Contiguous Properties Redevelopment Fund. Once funded, we can leverage the Contiguous Properties Redevelopment Fund in St. Louis with our own Greater St. Louis Land

Development Fund to assemble property and do site preparation for new development, which will ultimately stimulate economic growth – stopping the emigration of jobs and industry from the central city and inner suburbs.

The revitalization of our urban areas, such as Downtown St. Louis and the inner suburbs is a priority of the residents of this region, and it is gaining momentum. Any reduction to tax credit programs or a failure to fund the Contiguous Properties Redevelopment Fund could halt our progress and have a long-term negative economic impact on St. Louis and Missouri. This is a risk that we as a region and as a state cannot afford to take.

I look forward to working with the committee to examine ways in which we can continue to promote urban restoration and economic development while remaining fiscally responsible at the state level. If you have any questions or would like additional information, please contact me at (314) 206-3235.

Sincerely,

Peter G. Sortino
President, St. Louis 2004

APPENDIX K

Written Testimony Provided
to the Committee by

Mr. Jeff Wagener
Special Assistant to the County Executive
for Intergovernmental Affairs
St. Louis County Executive Office

Buzz Westfall
County Executive

Saint Louis
COUNTY
COUNTY EXECUTIVE

Jeff Wagener
Special Assistant
to the County Executive
for Intergovernmental Affairs

Testimony Before the House Interim Committee on Urban Conservation and Restoration chaired by Rep. Gambaro - November 8, 2001

The Neighborhood Preservation Tax Credit program is a critical tool to assist state and local governments in their efforts to revitalize Missouri's aging and deteriorating communities. The program provides the incentives needed to lure private investment into poorer neighborhoods, maintain population base and prevent urban sprawl. St. Louis County believes it is imperative not only that the program be preserved but that the program be enhanced with the amendments agreed to and proposed by St. Louis County, St. Louis City and Kansas City.

The current economic playing field is slanted in favor of new housing in newer neighborhoods. Individuals and developers alike are often better off economically to move to the undeveloped areas of our state to build their homes rather than rehabbing an existing home or rebuilding newer homes in a distressed community. That is where the Neighborhood Preservation Tax Credit makes a difference.

There have been some inequities in the program that needed to be addressed. That is why, St. Louis County, St. Louis City and Kansas City sat down with key lawmakers and proposed an amendment that will help assure that the benefits of the Neighborhood Preservation Tax Credits are maximized and that they are utilized in a fair and equitable manner. The proposed amendment has been endorsed as a needed compromise by the St. Louis Post Dispatch (4/29/01) and accomplishes a number of needed changes.

41 South Central Avenue • Saint Louis, MO 63105 • PH 314/615-5346 • FAX 314/615-3727 • TTY 314/615-4411

§135.530 (Changes to "distressed communities" definition)

- Current law requires that a block group have a minimum population of 2,500. This population requirement is in addition to a requirement that median income in the census block group be thirty percent below the median income for the metropolitan area. Most census block groups cannot meet this minimum population by themselves, meaning that poverty has to spread significantly before an area can be eligible for assistance under this definition. This is particularly problematic in Metropolitan areas as these tend to be geographically much smaller than in rural areas where they can be very large. St. Louis County, St. Louis City and Kansas City have agreed on language that will expand the definition of a distressed community to include areas that qualify as either a federal empowerment zones, a federal enhanced enterprise community or a state enterprise zone formed prior to 1986. Although, most of these areas are already in areas covered by the distressed communities definition, it expands it to include those poor neighborhood inadvertently left behind by the current law.

§ 135.478 & § 135.487 (Simplify Application Process)

- The current application process has resulted in some fundamental unfairness demonstrating a bias toward multifamily owner occupied housing. It allows developers who want to convert an old warehouse into condos to submit one application for up to three million dollars in neighborhood preservation tax credits in addition to be eligible for state historic tax credits. However, someone wanting to rehab multiple homes on the same block or to construct a new subdivision in a poor neighborhood is currently required to file an application for each house rehabilitated or built.

- St. Louis County, St. Louis City and Kansas City have agreed on compromise language that corrects this inequity in the application process by making it clear we want people to undertake large projects to rehabilitate or build more homes in poor neighborhoods by allowing them to complete a single application for tax credits for the entire construction project.

§ 135.481 (Increase New Construction Credit from 15% to 20%)

- Missouri's housing tax credit policy is centered on investing in

neighborhoods to attract and retain middle class families. This can only be done by updating the housing choices in these neighborhoods. Missouri's tax credit policy demonstrates a clear preference for rehabilitating housing where possible by providing a higher tax credit of 25%, 35% or 45% depending the specific situation. However, sometimes it makes sense to provide new housing in these neighborhoods. That is why a new construction tax credit is available in this program. St. Louis County, St. Louis City and Kansas City have agreed on language that adjusts the tax credit percent for new construction from 15% to 20%.

§ 135.484 (Cap on multi-family owner projects/Reallocation of Funds)

- The current law allows for a single project, involving only multi-family owner occupied housing to capture $3 million in tax credits in a program with only $8 million. St. Louis County, St. Louis City and Kansas City have agreed on new language to reduce the single project cap to $1.5 million and expand the projects definition to include the rehabilitation or construction single-family owner -occupied houses in eligible or qualifying areas. By cutting the single project cap in half and opening it up to both sides of the program, more areas of the state should be served.

- $8 million has been set aside for projects in eligible areas [declining areas between 70% & 90% median household income] & $8 million has been set aside for projects in qualifying areas [distressed communities]. St. Louis County, St. Louis City and Kansas City have agreed on new language providing that if by October of each year, money remains in either qualifying or eligible areas pots of money, then funds can be reallocated to the other.

Governor Holden has urged the St. Louis and Kansas City regions of our state to recognize that we are in the same state and to work in a spirit of cooperation. County Executive Wesfall and Mayor Slay are also working locally in that spirit of cooperation. It is with that resolve that the proposed amendment to the Neighborhood Preservation program was reached and we are confident of adoption this coming session.

For the future of our neighborhoods and indeed our entire state, we strongly urge the legislature to preserve this successful and vital program

that is making a difference in our metropolitan areas and throughout the state.